

# House File 626 - Introduced

HOUSE FILE \_\_\_\_\_  
BY JACOBY

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

## A BILL FOR

1 An Act relating to taxation by making changes to assessment of  
2 property for purposes of property taxation, county and city  
3 budgets funded primarily by property taxes and service  
4 charges, school district budgets funded primarily by state and  
5 local taxes, state mandates funding, local assessors, and  
6 property tax exemptions and credits, creating an  
7 implementation committee, and including effective and  
8 applicability date provisions.  
9 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
10 TLSB 2033YH 83  
11 md/sc/14

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1 1 DIVISION I  
1 2 LOCAL BUDGETS AND PROPERTY TAXES  
1 3 Section 1. Section 23A.2, subsection 10, paragraph h, Code  
1 4 2009, is amended to read as follows:  
1 5 h. The performance of an activity listed in section  
1 6 331.424, Code 2009, as a service for which a ~~supplemental levy~~  
1 7 ~~county may be certified include in its budget.~~  
1 8 Sec. 2. Section 24.48, subsection 4, Code 2009, is amended  
1 9 by striking the subsection.  
1 10 Sec. 3. Section 24.48, subsection 5, Code 2009, is amended  
1 11 to read as follows:  
1 12 5. a. For purposes of this section only, "political  
1 13 subdivision" means a ~~city~~, school district, or any other  
1 14 special purpose district which certifies its budget to the  
1 15 county auditor and derives funds from a property tax levied  
1 16 against taxable property situated within the political  
1 17 subdivision.  
1 18 ~~b. For the purpose of this section, when the political~~  
~~1 19 subdivision is a city, the director of the department of~~  
~~1 20 management, and the city finance committee on appeal of the~~  
~~1 21 director's decision, shall be the state appeal board.~~  
1 22 Sec. 4. Section 25B.2, subsection 3, Code 2009, is amended  
1 23 by striking the subsection.  
1 24 Sec. 5. NEW SECTION. 25B.3A UNFUNDED STATE MANDATES ==  
1 25 EFFECT.  
1 26 If, on or after July 1, 2010, a state mandate is enacted by  
1 27 the general assembly, or otherwise imposed, on a political  
1 28 subdivision and the state mandate requires a political  
1 29 subdivision to engage in any new activity, to provide a new  
1 30 service, or to provide any service beyond that required by any  
1 31 law enacted prior to July 1, 2010, and the state does not  
1 32 appropriate moneys to fully fund the cost of the state mandate  
1 33 as those costs are identified pursuant to section 25B.5, the  
1 34 political subdivision is not required to perform the activity  
1 35 or provide the new or increased service and the political  
2 1 subdivision shall not be subject to any liabilities imposed by  
2 2 the state or the imposition of any fines or penalties for the  
2 3 failure to comply with the state mandate.  
2 4 Sec. 6. Section 28M.5, subsections 1 and 2, Code 2009, are  
2 5 amended to read as follows:  
2 6 1. The commission, with the approval of the board of  
2 7 supervisors of participating counties and the city council of  
2 8 participating cities in the chapter 28E agreement, may levy  
2 9 annually a tax not to exceed ninety-five cents per thousand  
2 10 dollars of the assessed value of all taxable property in a  
2 11 regional transit district to the extent provided in this  
2 12 section. The chapter 28E agreement may authorize the  
2 13 commission to levy the tax at different rates within the  
2 14 participating cities and counties in amounts sufficient to

2 15 meet the revenue responsibilities of such cities and counties  
2 16 as allocated in the budget adopted by the commission.  
2 17 ~~However, for a city participating in a regional transit~~  
2 18 ~~district, the total of all the tax levies imposed in the city~~  
2 19 ~~pursuant to section 384.12, subsection 10, and this section~~  
2 20 ~~shall not exceed the aggregate of ninety-five cents per~~  
2 21 ~~thousand dollars of the assessed value of all taxable property~~  
2 22 ~~in the participating city.~~

2 23 2. If a regional transit district budget allocates revenue  
2 24 responsibilities to the board of supervisors of a  
2 25 participating county, the amount of the regional transit  
2 26 district levy that is the responsibility of the participating  
2 27 county shall be deducted from the maximum rates of taxes  
2 28 authorized to be levied by the county pursuant to section  
2 29 ~~331.423, subsections 1 and 2, as applicable for general and~~  
2 30 ~~rural county services, unless the county meets its revenue~~  
2 31 responsibilities as allocated in the budget from other  
2 32 available revenue sources. However, for a regional transit  
2 33 district that includes a county with a population of less than  
2 34 three hundred thousand, the amount of the regional transit  
2 35 district levy that is the responsibility of such participating  
3 1 county shall be deducted from the maximum rate of taxes  
3 2 authorized to be levied by the county pursuant to section  
3 3 ~~331.423, subsection 1 for general county services.~~

3 4 Sec. 7. Section 37.8, Code 2009, is amended to read as  
3 5 follows:

3 6 37.8 LEVY FOR MAINTENANCE.

3 7 For the development, operation, and maintenance of a  
3 8 building or monument constructed, purchased, or donated under  
3 9 this chapter, a city may levy a tax ~~not to exceed eighty-one~~  
3 10 ~~cents per thousand dollars of assessed value on all the~~  
3 11 ~~taxable property within the city, as provided in section~~  
3 12 ~~384.12, subsection 2 subject to the limitation in section~~  
3 13 ~~384.1.~~

3 14 Sec. 8. Section 123.38, unnumbered paragraph 2, Code 2009,  
3 15 is amended to read as follows:

3 16 Any licensee or permittee, or the licensee's or permittee's  
3 17 executor or administrator, or any person duly appointed by the  
3 18 court to take charge of and administer the property or assets  
3 19 of the licensee or permittee for the benefit of the licensee's  
3 20 or permittee's creditors, may voluntarily surrender a license  
3 21 or permit to the division. When a license or permit is  
3 22 surrendered the division shall notify the local authority, and  
3 23 the division or the local authority shall refund to the person  
3 24 surrendering the license or permit, a proportionate amount of  
3 25 the fee received by the division or the local authority for  
3 26 the license or permit as follows: if a license or permit is  
3 27 surrendered during the first three months of the period for  
3 28 which it was issued, the refund shall be three-fourths of the  
3 29 amount of the fee; if surrendered more than three months but  
3 30 not more than six months after issuance, the refund shall be  
3 31 one-half of the amount of the fee; if surrendered more than  
3 32 six months but not more than nine months after issuance, the  
3 33 refund shall be one-fourth of the amount of the fee. No  
3 34 refund shall be made, however, for any special liquor permit,  
3 35 nor for a liquor control license, wine permit, or beer permit  
4 1 surrendered more than nine months after issuance. For  
4 2 purposes of this paragraph, any portion of license or permit  
4 3 fees used for the purposes authorized in section 331.424,  
4 4 subsection 1, paragraphs "a" and "b", Code 2009, and in  
4 5 section 331.424A, shall not be deemed received either by the  
4 6 division or by a local authority. No refund shall be made to  
4 7 any licensee or permittee, upon the surrender of the license  
4 8 or permit, if there is at the time of surrender, a complaint  
4 9 filed with the division or local authority, charging the  
4 10 licensee or permittee with a violation of this chapter. If  
4 11 upon a hearing on a complaint the license or permit is not  
4 12 revoked or suspended, then the licensee or permittee is  
4 13 eligible, upon surrender of the license or permit, to receive  
4 14 a refund as provided in this section; but if the license or  
4 15 permit is revoked or suspended upon hearing the licensee or  
4 16 permittee is not eligible for the refund of any portion of the  
4 17 license or permit fee.

4 18 Sec. 9. Section 218.99, Code 2009, is amended to read as  
4 19 follows:

4 20 218.99 COUNTIES TO BE NOTIFIED OF PATIENTS' PERSONAL  
4 21 ACCOUNTS.

4 22 The administrator in control of a state institution shall  
4 23 direct the business manager of each institution under the  
4 24 administrator's jurisdiction which is mentioned in section  
4 25 331.424, subsection 1, paragraphs "a" and "b", Code 2009, and

4 26 for which services are paid under section 331.424A, to  
4 27 quarterly inform the county of legal settlement's entity  
4 28 designated to perform the county's central point of  
4 29 coordination process of any patient or resident who has an  
4 30 amount in excess of two hundred dollars on account in the  
4 31 patients' personal deposit fund and the amount on deposit.  
4 32 The administrators shall direct the business manager to  
4 33 further notify the entity designated to perform the county's  
4 34 central point of coordination process at least fifteen days  
4 35 before the release of funds in excess of two hundred dollars  
5 1 or upon the death of the patient or resident. If the patient  
5 2 or resident has no county of legal settlement, notice shall be  
5 3 made to the director of human services and the administrator  
5 4 in control of the institution involved.

5 5 Sec. 10. Section 257.1, subsection 2, paragraph b, Code  
5 6 2009, is amended to read as follows:

5 7 b. For the budget year commencing July 1, ~~1999~~ 2011, and  
5 8 for each succeeding budget year the regular program foundation  
5 9 base per pupil is ~~eighty-seven and five-tenths~~ ninety-five  
5 10 percent of the regular program state cost per pupil. For the  
5 11 budget year commencing July 1, 1991, and for each succeeding  
5 12 budget year the special education support services foundation  
5 13 base is seventy-nine percent of the special education support  
5 14 services state cost per pupil. The combined foundation base  
5 15 is the sum of the regular program foundation base, the special  
5 16 education support services foundation base, the total teacher  
5 17 salary supplement district cost, the total professional  
5 18 development supplement district cost, the total early  
5 19 intervention supplement district cost, the total area  
5 20 education agency teacher salary supplement district cost, and  
5 21 the total area education agency professional development  
5 22 supplement district cost.

5 23 Sec. 11. Section 257.3, subsection 1, unnumbered paragraph  
5 24 1, Code 2009, is amended to read as follows:

5 25 Except as provided in subsections 2 and 3, a school  
5 26 district shall cause to be levied each year, for the school  
5 27 general fund, a foundation property tax equal to five four  
5 28 dollars and forty thirty-two cents per thousand dollars of  
5 29 assessed valuation on all taxable property in the district.  
5 30 The county auditor shall spread the foundation levy over all  
5 31 taxable property in the district.

5 32 Sec. 12. Section 257.3, subsection 2, paragraphs a and b,  
5 33 Code 2009, are amended to read as follows:

5 34 a. Notwithstanding subsection 1, a reorganized school  
5 35 district shall cause a foundation property tax of four three  
6 1 dollars and forty fifty-two cents per thousand dollars of  
6 2 assessed valuation to be levied on all taxable property which,  
6 3 in the year preceding a reorganization, was within a school  
6 4 district affected by the reorganization as defined in section  
6 5 275.1, or in the year preceding a dissolution was a part of a  
6 6 school district that dissolved if the dissolution proposal has  
6 7 been approved by the director of the department of education  
6 8 pursuant to section 275.55.

6 9 b. In succeeding school years, the foundation property tax  
6 10 levy on that portion shall be increased to the rate of four  
6 11 three dollars and ninety ninety-two cents per thousand dollars  
6 12 of assessed valuation the first succeeding year, five four  
6 13 dollars and fifteen twelve cents per thousand dollars of  
6 14 assessed valuation the second succeeding year, and five four  
6 15 dollars and forty thirty-two cents per thousand dollars of  
6 16 assessed valuation the third succeeding year and each year  
6 17 thereafter.

6 18 Sec. 13. NEW SECTION. 257A.1 PROPERTY TAX LIMITATION.

6 19 1. For property taxes due and payable in the fiscal year  
6 20 beginning July 1, 2011, and all subsequent fiscal years,  
6 21 property taxes levied by a school district shall not exceed  
6 22 the following percentages of the actual value of the property  
6 23 as determined by the assessor after application of the  
6 24 appropriate reduction in section 441.21:

6 25 a. For residential property, one-fourth of one percent.

6 26 b. For income residential property, one-fourth of one  
6 27 percent.

6 28 c. For commercial property, three-fourths of one percent.

6 29 d. For industrial property, one-half of one percent.

6 30 e. For agricultural property, one-fourth of one percent.

6 31 2. In any fiscal year, the ratio of the percentage amount  
6 32 actually levied to the maximum percentage levy allowed shall  
6 33 be the same for each type of property in subsection 1.

6 34 3. This section applies to all school district property  
6 35 tax levies, other than those authorized in sections 257.3 and  
7 1 257.4.

7 2 4. a. For the fiscal year beginning July 1, 2011, the  
7 3 percentage tax rate levied against each type of property  
7 4 described in subsection 1 shall not exceed the sum of one=  
7 5 fourth of one percent plus the corresponding percentage tax  
7 6 rate imposed against that type of property in the fiscal year  
7 7 beginning July 1, 2010. For the fiscal years beginning July  
7 8 1, 2012, and July 1, 2013, the percentage tax rate levied  
7 9 against each type of property described in subsection 1 shall  
7 10 not exceed the sum of one=fourth of one percent plus the  
7 11 percentage tax rate imposed for the previous fiscal year.  
7 12 Implementation of this subsection shall not cause the  
7 13 percentage tax rate levied against any type of property  
7 14 described in subsection 1 to exceed the limitations in that  
7 15 subsection.

7 16 b. If, for the fiscal year beginning July 1, 2010, the  
7 17 corresponding percentage tax rate imposed against each type of  
7 18 property described in subsection 1 exceeds the percentage rate  
7 19 limitations in subsection 1, a school district shall reduce  
7 20 its levy over a three-year period in order to meet the  
7 21 percentage rate limitation requirements of subsection 1.

7 22 Sec. 14. NEW SECTION. 257A.2 PROPERTY TAX LIMITATION ==  
7 23 CONSUMER PRICE INDEX.

7 24 1. Notwithstanding the limitation in section 257A.1,  
7 25 beginning with the fiscal year beginning July 1, 2014, the  
7 26 amount of property taxes to be levied by a school district  
7 27 against any class of property for the budget year cannot  
7 28 exceed the amount computed in this section. This section  
7 29 applies to all school district property tax levies, other than  
7 30 those authorized in sections 257.3 and 257.4.

7 31 2. The school district property tax limitation shall be  
7 32 computed as follows:

7 33 a. Determine the amount of property taxes levied as a  
7 34 percent of taxable value in the current fiscal year.

7 35 b. Determine the sum of the amount of taxable value of  
8 1 property for the current fiscal year, and the amount of  
8 2 increase in taxable value of property due to new construction,  
8 3 additions or improvements to existing structures, expiration  
8 4 of tax abatement under chapter 404, and any increase in  
8 5 valuation because of reclassification of property.

8 6 c. Multiply the percent calculated in paragraph "a" times  
8 7 the amount in paragraph "b".

8 8 d. Multiply the product determined in paragraph "c" times  
8 9 the sum of one plus the consumer price index.

8 10 3. For purposes of this section, "consumer price index"  
8 11 means the percentage rate of change in the consumer price  
8 12 index as tabulated by the United States department of labor,  
8 13 bureau of labor statistics, for the twelve=month period ending  
8 14 June 30 of the previous fiscal year.

8 15 Sec. 15. Section 331.263, subsection 2, Code 2009, is  
8 16 amended to read as follows:

8 17 2. The governing body of the community commonwealth shall  
8 18 have the authority to levy county taxes and shall have the  
8 19 authority to levy city taxes to the extent the city tax levy  
8 20 authority is transferred by the charter to the community  
8 21 commonwealth. A city participating in the community  
8 22 commonwealth shall transfer a portion of the city's tax levy  
8 23 authorized under section 384.1 ~~or 384.12, whichever is~~  
8 24 ~~applicable,~~ to the governing body of the community  
8 25 commonwealth. The maximum rates of taxes authorized to be  
8 26 levied under ~~sections section 384.1 and 384.12~~ by a city  
8 27 participating in the community commonwealth shall be reduced  
8 28 by an amount equal to the rates of the same or similar taxes  
8 29 levied in the city by the governing body of the community  
8 30 commonwealth.

8 31 Sec. 16. Section 331.301, subsections 11 and 12, Code  
8 32 2009, are amended to read as follows:

8 33 11. A county may levy for tort liability insurance,  
8 34 property insurance, and any other insurance that may be  
8 35 necessary in the operation of the county, costs of a  
9 1 self=insurance program, costs of a local government risk pool,  
9 2 and amounts payable under any insurance agreements to provide  
9 3 or procure such insurance, self=insurance program, or local  
9 4 government risk pool. A county may enter into insurance  
9 5 agreements obligating the county to make payments beyond its  
9 6 current budget year to procure or provide for a policy of  
9 7 insurance, a self=insurance program, or a local government  
9 8 risk pool to protect the county against tort liability, loss  
9 9 of property, or any other risk associated with the operation  
9 10 of the county. Such a self=insurance program or local  
9 11 government risk pool is not insurance and is not subject to  
9 12 regulation under chapters 505 through 523C. However, those

9 13 self-insurance plans regulated pursuant to section 509A.14  
9 14 shall remain subject to the requirements of section 509A.14  
9 15 and rules adopted pursuant to that section.  
9 16 12. The board of supervisors may credit funds to a reserve  
9 17 for the purposes authorized by subsection 11 of this section+  
9 18 ~~section 331.424, subsection 1, paragraph "f";~~ and section  
9 19 331.441, subsection 2, paragraph "b". Moneys credited to the  
9 20 reserve, and interest earned on such moneys, shall remain in  
9 21 the reserve until expended for purposes authorized by  
9 22 subsection 11 of this section+ ~~section 331.424, subsection 1,~~  
9 23 ~~paragraph "f" or~~ section 331.441, subsection 2, paragraph  
9 24 "b".  
9 25 Sec. 17. Section 331.421, Code 2009, is amended by adding  
9 26 the following new subsections:  
9 27 NEW SUBSECTION. 1A. "Budget year" is the fiscal year  
9 28 beginning during the calendar year in which a budget is first  
9 29 certified.  
9 30 NEW SUBSECTION. 2A. "Current fiscal year" is the fiscal  
9 31 year ending during the calendar year in which a budget is  
9 32 first certified.  
9 33 Sec. 18. Section 331.421, subsection 10, Code 2009, is  
9 34 amended by striking the subsection.  
9 35 Sec. 19. Section 331.422, unnumbered paragraph 1, Code  
10 1 2009, is amended to read as follows:  
10 2 Subject to this section and sections 331.423 through  
10 3 ~~331.426~~ 331.424C or as otherwise provided by state law, the  
10 4 board of each county shall certify property taxes annually at  
10 5 its March session to be levied for county purposes as follows:  
10 6 Sec. 20. Section 331.423, Code 2009, is amended by  
10 7 striking the section and inserting in lieu thereof the  
10 8 following:  
10 9 331.423 PROPERTY TAX LEVY LIMITATION.  
10 10 1. Annually, the board may certify a levy subject to the  
10 11 limits in this section and section 444.29. For property taxes  
10 12 due and payable in the fiscal year beginning July 1, 2011, and  
10 13 all subsequent fiscal years, property taxes levied by a county  
10 14 shall not exceed the following percentages of the actual value  
10 15 of the property as determined by the assessor after the  
10 16 appropriate reduction in section 441.21 is applied:  
10 17 a. For residential property in the incorporated areas of  
10 18 the county, one-fourth of one percent.  
10 19 b. For residential property in the unincorporated areas of  
10 20 the county, one percent.  
10 21 c. For commercial property in the incorporated areas of  
10 22 the county, three-fourths of one percent.  
10 23 d. For commercial property in the unincorporated areas of  
10 24 the county, two percent.  
10 25 e. For industrial property in the incorporated areas of  
10 26 the county, one percent.  
10 27 f. For industrial property in the unincorporated areas of  
10 28 the county, three percent.  
10 29 g. For agricultural property in the incorporated areas of  
10 30 the county, one-fourth of one percent.  
10 31 h. For agricultural property in the unincorporated areas  
10 32 of the county, three-fourths of one percent.  
10 33 i. For income residential property in the incorporated  
10 34 areas of the county, one-half of one percent.  
10 35 j. For income residential property in the unincorporated  
11 1 areas of the county, one-half of one percent.  
11 2 2. Notwithstanding subsection 1, paragraph "c", property  
11 3 taxes levied by a county against commercial property in the  
11 4 incorporated areas of the county shall not exceed the  
11 5 following percentages of the actual value of the property as  
11 6 determined by the assessor after the appropriate reduction in  
11 7 section 441.21 is applied:  
11 8 a. For property taxes due and payable in the fiscal year  
11 9 beginning July 1, 2011, one percent.  
11 10 b. For property taxes due and payable in the fiscal year  
11 11 beginning July 1, 2012, seven-eighths of one percent.  
11 12 3. a. In any fiscal year, the ratio of the percentage  
11 13 amount actually levied and the maximum percentage levy allowed  
11 14 shall be the same for each type of property in subsection 1,  
11 15 paragraphs "a", "c", "e", "g", and "i", and subsection 2, when  
11 16 applicable.  
11 17 b. In any fiscal year, the ratio of the percentage amount  
11 18 actually levied and the maximum percentage levy allowed shall  
11 19 be the same for each type of property in subsection 1,  
11 20 paragraphs "b", "d", "f", "h", and "j".  
11 21 4. The limitations in subsections 1 and 2 do not apply to  
11 22 amounts levied for debt service pursuant to section 331.430.  
11 23 5. a. For the fiscal year beginning July 1, 2011, the

11 24 percentage tax rate levied against each type of property  
11 25 described in subsections 1 and 2 shall not exceed the sum of  
11 26 one-fourth of one percent plus the corresponding percentage  
11 27 tax rate imposed against that type of property in the fiscal  
11 28 year beginning July 1, 2010. For the fiscal years beginning  
11 29 July 1, 2012, and July 1, 2013, the percentage tax rate levied  
11 30 against each type of property described in subsections 1 and 2  
11 31 shall not exceed the sum of one-fourth of one percent plus the  
11 32 percentage tax rate imposed for the previous fiscal year.  
11 33 Implementation of this subsection shall not cause the  
11 34 percentage tax rate levied against any type of property  
11 35 described in subsections 1 and 2 to exceed the limitations in  
12 1 those subsections.

12 2 b. If, for the fiscal year beginning July 1, 2010, the  
12 3 corresponding percentage tax rate imposed against each type of  
12 4 property described in subsections 1 and 2 exceeds the  
12 5 percentage rate limitations in those subsections, a county  
12 6 shall reduce its levy over a three-year period in order to  
12 7 meet the percentage rate limitation requirements of  
12 8 subsections 1 and 2.

12 9 Sec. 21. NEW SECTION. 331.423A ENDING FUND BALANCE.

12 10 1. Effective for a fiscal year beginning on or after July  
12 11 1, 2014, budgeted ending fund balances for a budget year in  
12 12 excess of twenty-five percent of budgeted expenditures in  
12 13 either the general fund or rural services fund for that budget  
12 14 year shall be explicitly reserved or designated for a specific  
12 15 purpose and specifically described in the certified budget.  
12 16 The certified budget for the budget year shall include a  
12 17 description of any changes from the current fiscal year to the  
12 18 explicitly reserved or designated purpose for the excess  
12 19 ending fund balance as specifically described in the certified  
12 20 budget. For purposes of this section, ending fund balances  
12 21 shall be determined either on a cash basis or an accrual  
12 22 basis, whichever is consistent with the method used for the  
12 23 county's budget. The description shall include the projected  
12 24 date that the expenditures will be appropriated for the  
12 25 specific purpose. Budgeted ending fund balances reserved or  
12 26 designated shall only be used for the purpose specifically  
12 27 described in the certified budget. The certified budget shall  
12 28 not be amended for the purpose of changing the specific  
12 29 purpose after the budget year begins.

12 30 2. In a protest to the county budget under section  
12 31 331.436, the county shall have the burden of proving that the  
12 32 budgeted ending fund balances in excess of twenty-five percent  
12 33 are reasonably likely to be appropriated for the explicitly  
12 34 reserved or designated specific purpose by the date identified  
12 35 in the certified budget.

13 1 3. The budgeted ending fund balance in excess of twenty=  
13 2 five percent of expenditures for the general fund or rural  
13 3 services fund shall be considered an increase in an item in  
13 4 the budget for purposes of section 24.28. The state appeal  
13 5 board may certify a decision in accordance with section 24.32  
13 6 that requires a reduction in the budgeted ending fund balance  
13 7 for a particular fund.

13 8 Sec. 22. NEW SECTION. 331.423B SERVICE CHARGE IN LIEU OF  
13 9 PROPERTY TAXES.

13 10 A county may adopt an ordinance imposing a service charge  
13 11 against all property located in the county. Service charges  
13 12 are due and payable at the same time and in the same manner as  
13 13 property taxes are paid. Service charges collected pursuant  
13 14 to this section shall be deposited into the county general  
13 15 services fund or rural services fund, as applicable, for use  
13 16 in funding the service for which the service charge was  
13 17 imposed. The maximum percentages of actual value allowed to  
13 18 be levied pursuant to section 331.423 shall be adjusted to  
13 19 reflect the amount of service charges estimated to be  
13 20 collected in a fiscal year.

13 21 Real property subject to a service charge, which property  
13 22 is exempt from property taxation, shall be valued and assessed  
13 23 as required in section 427.1, subsection 18, and in accordance  
13 24 with chapter 441, and the owner or other persons as authorized  
13 25 by chapter 441 are entitled to protest any assessment and take  
13 26 appeals in the same manner as any taxpayer.

13 27 Sec. 23. Section 331.424A, subsection 4, Code 2009, is  
13 28 amended to read as follows:

13 29 4. For the fiscal year beginning July 1, 1996, and for  
13 30 each subsequent fiscal year, the county shall certify a levy  
13 31 for payment of services. For each fiscal year, county  
13 32 revenues from taxes imposed by the county credited to the  
13 33 services fund shall not exceed an amount equal to the amount  
13 34 of base year expenditures for services as defined in section

13 35 331.438, less the amount of property tax relief to be received  
14 1 pursuant to section 426B.2, in the fiscal year for which the  
14 2 budget is certified. The county auditor and the board of  
14 3 supervisors shall reduce the amount of the levy certified for  
14 4 the services fund by the amount of property tax relief to be  
14 5 received. A levy certified under this section is not subject  
14 6 to the any appeal provisions of ~~section 331.426 or to any~~  
14 7 ~~other provision~~ in law authorizing a county to exceed,  
14 8 increase, or appeal a property tax levy limit.

14 9 Sec. 24. Section 331.427, subsection 3, paragraph 1, Code  
14 10 2009, is amended to read as follows:

14 11 1. Services listed in section 331.424, subsection 1, Code  
14 12 2009, and section 331.554.

14 13 Sec. 25. Section 331.428, subsection 2, paragraph d, Code  
14 14 2009, is amended to read as follows:

14 15 d. Services listed under section 331.424, subsection 2,  
14 16 Code 2009.

14 17 Sec. 26. Section 331.429, subsection 1, paragraphs a and  
14 18 b, Code 2009, are amended to read as follows:

14 19 a. Transfers from the general fund not to exceed in any  
14 20 year the dollar equivalent of a tax of sixteen and  
14 21 seven=eighths cents per thousand dollars of assessed value on  
14 22 all taxable property in the county multiplied by the ratio of  
14 23 ~~current taxes actually collected and apportioned for the~~  
14 24 ~~general basic levy to the total general basic levy for the~~  
14 25 ~~current year in section 331.423, subsection 3, paragraph "a",~~  
14 26 and an amount equivalent to the moneys derived by the general  
14 27 fund from ~~military service tax credits under chapter 426A,~~  
14 28 ~~manufactured or mobile home taxes under section 435.22, and~~  
14 29 delinquent taxes for prior years collected and apportioned to  
14 30 the general basic fund in the current year, multiplied by the  
14 31 ratio of sixteen and seven=eighths cents to three dollars and  
14 32 fifty cents. The limit on transfers in this paragraph applies  
14 33 only to property tax revenue and is not a limit on transfers  
14 34 of revenue generated from sources other than property taxes.

14 35 b. Transfers from the rural services fund not to exceed in  
15 1 any year the dollar equivalent of a tax of three dollars and  
15 2 three=eighths cents per thousand dollars of assessed value on  
15 3 all taxable property not located within the corporate limits  
15 4 of a city in the county multiplied by the ratio of ~~current~~  
15 5 ~~taxes actually collected and apportioned for the rural~~  
15 6 ~~services basic levy to the total rural services basic levy for~~  
15 7 ~~the current year in section 331.423, subsection 3, paragraph~~  
15 8 ~~"b",~~ and an amount equivalent to the moneys derived by the  
15 9 rural services fund from ~~military service tax credits under~~  
15 10 ~~chapter 426A, manufactured or mobile home taxes under section~~  
15 11 ~~435.22, and delinquent taxes for prior years collected and~~  
15 12 apportioned to the rural services basic fund in the current  
15 13 year, multiplied by the ratio of three dollars and  
15 14 three=eighths cents to three dollars and ninety=five cents.  
15 15 The limit on transfers in this paragraph applies only to  
15 16 property tax revenue and is not a limit on transfers of  
15 17 revenue generated from sources other than property taxes.

15 18 Sec. 27. Section 331.434, unnumbered paragraph 1, Code  
15 19 2009, is amended to read as follows:

15 20 Annually, the board of each county, subject to sections  
15 21 331.423 through ~~331.426~~ 331.424C and other applicable state  
15 22 law, shall prepare and adopt a budget, certify taxes, and  
15 23 provide appropriations as follows:

15 24 Sec. 28. Section 331.435, unnumbered paragraph 1, Code  
15 25 2009, is amended to read as follows:

15 26 The board may amend the adopted county budget, subject to  
15 27 sections 331.423 through ~~331.426~~ 331.424C and other applicable  
15 28 state law, to permit increases in any class of proposed  
15 29 expenditures contained in the budget summary published under  
15 30 section 331.434, subsection 3.

15 31 Sec. 29. Section 331.436, Code 2009, is amended by adding  
15 32 the following new unnumbered paragraph:

15 33 NEW UNNUMBERED PARAGRAPH. For purposes of a protest to the  
15 34 adopted budget, "item" means a budgeted expenditure,  
15 35 appropriation, or cash reserve from a fund for a service area,  
16 1 program, program element, or purpose.

16 2 Sec. 30. Section 335.30A, unnumbered paragraph 2, Code  
16 3 2009, is amended to read as follows:

16 4 "Land=leased community" means any site, lot, field, or  
16 5 tract of land under common ownership upon which ten or more  
16 6 occupied manufactured homes are harbored, either free of  
16 7 charge or for revenue purposes, and shall include any  
16 8 building, structure, or enclosure used or intended for use as  
16 9 part of the equipment of the land=leased community. The term  
16 10 "land=leased community" shall not be construed to include

16 11 homes, buildings, or other structures temporarily maintained  
16 12 by any individual, educational institution, or company on  
16 13 their own premises and used exclusively to house their own  
16 14 labor or students. A manufactured home located in a  
16 15 land=leased community shall be taxed under section 435.22 ~~as~~  
~~16 16 if the manufactured home were located in a mobile home park.~~

16 17 Sec. 31. Section 373.10, Code 2009, is amended to read as  
16 18 follows:

16 19 373.10 TAXING AUTHORITY.

16 20 The metropolitan council shall have the authority to levy  
16 21 city taxes to the extent the city tax levy authority is  
16 22 transferred by the charter to the metropolitan council. A  
16 23 member city shall transfer a portion of the city's tax levy  
16 24 authorized under section 384.1 ~~or 384.12, whichever is~~  
~~16 25 applicable,~~ to the metropolitan council. The maximum rates of  
16 26 taxes authorized to be levied under ~~sections~~ section 384.1 ~~and~~  
~~16 27 384.12~~ by a member city shall be reduced by an amount equal to  
16 28 the rates of the same or similar taxes levied in the city by  
16 29 the metropolitan council.

16 30 Sec. 32. Section 384.1, Code 2009, is amended by striking  
16 31 the section and inserting in lieu thereof the following:

16 32 384.1 PROPERTY TAX LEVY LIMITATION.

16 33 1. Annually, a city may certify a levy subject to the  
16 34 limits in this section and section 444.29. For property taxes  
16 35 due and payable in the fiscal year beginning July 1, 2011, and  
17 1 all subsequent fiscal years, property taxes levied by a city  
17 2 shall not exceed the following percentages of the actual value  
17 3 of the property as determined by the assessor after the  
17 4 appropriate reduction in section 441.21 is applied:

- 17 5 a. For residential property, one percent.
- 17 6 b. For commercial property, one and one-half percent.
- 17 7 c. For industrial property, two percent.
- 17 8 d. For agricultural property, three-fourths of one  
17 9 percent.
- 17 10 e. For income residential property, one and one-half  
17 11 percent.

17 12 2. Notwithstanding subsection 1, paragraph "b", property  
17 13 taxes levied by a city against commercial property shall not  
17 14 exceed the following percentages of the actual value of the  
17 15 property as determined by the assessor after the appropriate  
17 16 reduction in section 441.21 is applied:

- 17 17 a. For property taxes due and payable in the fiscal year  
17 18 beginning July 1, 2011, two percent.
- 17 19 b. For property taxes due and payable in the fiscal year  
17 20 beginning July 1, 2012, one and three-fourths percent.

17 21 3. In any fiscal year, the ratio of the percentage amount  
17 22 actually levied to the maximum percentage levy allowed shall  
17 23 be the same for each type of property in subsections 1 and 2.

17 24 4. The limitations in subsections 1 and 2 do not apply to  
17 25 amounts levied for debt service pursuant to section 384.4.

17 26 5. a. For the fiscal year beginning July 1, 2011, the  
17 27 percentage tax rate levied against each type of property  
17 28 described in subsections 1 and 2 shall not exceed the sum of  
17 29 one-fourth of one percent plus the corresponding percentage  
17 30 tax rate imposed against that type of property in the fiscal  
17 31 year beginning July 1, 2010. For the fiscal years beginning  
17 32 July 1, 2012, and July 1, 2013, the percentage tax rate levied  
17 33 against each type of property described in subsections 1 and 2  
17 34 shall not exceed the sum of one-fourth of one percent plus the  
17 35 percentage tax rate imposed for the previous fiscal year.

18 1 Implementation of this subsection shall not cause the  
18 2 percentage tax rate levied against any type of property  
18 3 described in subsections 1 and 2 to exceed the limitations in  
18 4 those subsections.

18 5 b. If, for the fiscal year beginning July 1, 2010, the  
18 6 corresponding percentage tax rate imposed against each type of  
18 7 property described in subsections 1 and 2 exceeds the  
18 8 percentage rate limitations in those subsections, a city shall  
18 9 reduce its levy over a three-year period in order to meet the  
18 10 percentage rate limitation requirements of subsections 1 and  
18 11 2.

18 12 Sec. 33. Section 384.6, subsection 1, unnumbered paragraph  
18 13 1, Code 2009, is amended to read as follows:

18 14 Accounting for pension and related employee benefit funds  
18 15 as provided by the city finance committee. A city may certify  
18 16 taxes to be levied for a trust and agency fund ~~in the amount~~  
~~18 17 necessary to meet its obligations, subject to the limitation~~  
~~18 18 in section 384.1.~~

18 19 Sec. 34. Section 384.7, Code 2009, is amended to read as  
18 20 follows:

18 21 384.7 CAPITAL IMPROVEMENTS FUND.

18 22 A city may establish a capital improvements reserve fund,  
18 23 and may certify taxes ~~not to exceed sixty-seven and one-half~~  
~~18 24 cents per thousand dollars of taxable value~~ each year to be  
18 25 levied for the fund, subject to the limitation in section  
18 26 384.1, for the purpose of accumulating moneys for the  
18 27 financing of specified capital improvements, or carrying out a  
18 28 specific capital improvement plan.

18 29 ~~The question of the establishment of a capital improvements~~  
~~18 30 reserve fund, the time period during which a levy will be made~~  
~~18 31 for the fund, and the tax rate to be levied for the fund is~~  
~~18 32 subject to approval by the voters, and may be submitted at any~~  
~~18 33 city election upon the council's motion, or shall be submitted~~  
~~18 34 at the next regular city election upon receipt of a valid~~  
~~18 35 petition as provided in section 362.4.~~

19 1 ~~If a continuing capital improvements levy is established by~~  
~~19 2 election, it may be terminated in the same manner, upon the~~  
~~19 3 council's motion or upon petition.~~ Balances in a capital  
19 4 improvements reserve fund are not unencumbered or  
19 5 unappropriated funds for the purpose of reducing tax levies.  
19 6 Transfers may be made between the capital improvements reserve  
19 7 fund, construction funds, and the general fund, as provided in  
19 8 rules promulgated by the city finance committee created in  
19 9 section 384.13.

19 10 Sec. 35. Section 384.8, Code 2009, is amended to read as  
19 11 follows:

19 12 384.8 EMERGENCY FUND.

19 13 A city may establish an emergency fund and may certify  
19 14 taxes ~~not to exceed twenty-seven cents per thousand dollars of~~  
~~19 15 taxable value~~ each year to be levied for the fund, subject to  
19 16 the limitation in section 384.1. Transfers may be made from  
19 17 the emergency fund to the general fund as provided in rules  
19 18 promulgated by the city finance committee created in section  
19 19 384.13.

19 20 Sec. 36. NEW SECTION. 384.12A SERVICE CHARGE IN LIEU OF  
19 21 PROPERTY TAXES.

19 22 A city may adopt an ordinance imposing a service charge  
19 23 against all property located in the city. Service charges are  
19 24 due and payable at the same time and in the same manner as  
19 25 property taxes are paid. Service charges collected pursuant  
19 26 to this section shall be deposited into the city general fund  
19 27 for use in funding the service for which the service charge  
19 28 was imposed. The maximum percentages of actual value allowed  
19 29 to be levied pursuant to section 384.1 shall be adjusted to  
19 30 reflect the amount of service charges estimated to be  
19 31 collected in a fiscal year.

19 32 Real property subject to a service charge, which property  
19 33 is exempt from property taxation, shall be valued and assessed  
19 34 as required in section 427.1, subsection 18, and in accordance  
19 35 with chapter 441, and the owner or other persons as authorized  
20 1 by chapter 441 are entitled to protest any assessment and take  
20 2 appeals in the same manner as any taxpayer.

20 3 Sec. 37. Section 384.19, unnumbered paragraph 1, Code  
20 4 2009, is amended to read as follows:

20 5 Within a period of ten days after the final date that a  
20 6 budget or amended budget may be certified to the county  
20 7 auditor, persons affected by the budget may file a written  
20 8 protest with the county auditor specifying their objections to  
20 9 the budget or any part of it. For the purposes of a protest  
20 10 to the budget, "part" means a budgeted expenditure,

20 11 appropriation, or cash reserve from a fund for a service area,  
20 12 program, program element, or purpose. A protest must be  
20 13 signed by registered voters equal in number to one-fourth of  
20 14 one percent of the votes cast for governor in the last  
20 15 preceding general election in the city, but the number shall  
20 16 not be less than ten persons and the number need not be more  
20 17 than one hundred persons.

20 18 Sec. 38. Section 384.84, subsection 8, Code 2009, is  
20 19 amended to read as follows:

20 20 8. For the purposes of this section, "premises" includes a  
20 21 mobile home, modular home, or manufactured home as defined in  
20 22 section 435.1, ~~when the mobile home, modular home, or~~  
20 23 ~~manufactured home is taxed as real estate.~~

20 24 Sec. 39. Section 384.110, Code 2009, is amended to read as  
20 25 follows:

20 26 384.110 INSURANCE, SELF=INSURANCE, AND RISK POOLING FUNDS.

20 27 A city may credit funds to a fund or funds for the purposes  
20 28 authorized by section 364.4, subsection 5; ~~section 384.12,~~  
20 29 ~~subsection 18,~~ or section 384.24, subsection 3, paragraph "s";  
20 30 or to pay the premium costs on tort liability insurance,  
20 31 property insurance, and any other insurance that may be  
20 32 necessary in the operation of the city, the costs of a self=

20 33 insurance program, the costs of a local government risk pool  
20 34 and amounts payable under any insurance agreements to provide  
20 35 or procure such insurance, self-insurance program, or local  
21 1 government risk pool. Moneys credited to the fund or funds,  
21 2 and interest earned on such moneys, shall remain in the fund  
21 3 or funds until expended for purposes authorized by section  
21 4 364.4, subsection 5; ~~section 384.12, subsection 18;~~ or section  
21 5 384.24, subsection 3, paragraph "s"; or for purposes specified  
21 6 in this section.

21 7 Sec. 40. Section 414.28A, unnumbered paragraph 2, Code  
21 8 2009, is amended to read as follows:

21 9 "Land=leased community" means any site, lot, field, or  
21 10 tract of land under common ownership upon which ten or more  
21 11 occupied manufactured homes are harbored, either free of  
21 12 charge or for revenue purposes, and shall include any  
21 13 building, structure, or enclosure used or intended for use as  
21 14 part of the equipment of the land=leased community. The term  
21 15 "land=leased community" shall not be construed to include  
21 16 homes, buildings, or other structures temporarily maintained  
21 17 by any individual, educational institution, or company on  
21 18 their own premises and used exclusively to house their own  
21 19 labor or students. A manufactured home located in a  
21 20 land=leased community shall be taxed under section 435.22 ~~as~~  
21 21 ~~if the manufactured home were located in a mobile home park.~~

21 22 Sec. 41. Section 426B.1, subsection 3, Code 2009, is  
21 23 amended to read as follows:

21 24 3. There is annually appropriated from the property tax  
21 25 relief fund to the department of human services to supplement  
21 26 the medical assistance appropriation for the fiscal year  
21 27 beginning July 1, 1997, and for succeeding fiscal years, six  
21 28 million six hundred thousand dollars to be used for the  
21 29 nonfederal share of the costs of services provided to minors  
21 30 with mental retardation under the medical assistance program  
21 31 to meet the requirements of section 249A.12, subsection 4.  
21 32 The appropriation in this subsection shall be charged to the  
21 33 property tax relief fund prior to the distribution of moneys  
21 34 from the fund under section 426B.2 and the amount of moneys  
21 35 available for distribution shall be reduced accordingly.

22 1 However, the appropriation in this subsection shall be  
22 2 considered to be a property tax relief payment for purposes of  
22 3 the combined amount of payments required to achieve ~~fifty~~  
22 4 ~~seventy=five~~ percent of the counties' base year expenditures  
22 5 as provided in section 426B.2, subsection 2.

22 6 Sec. 42. Section 426B.2, subsection 2, Code 2009, is  
22 7 amended to read as follows:

22 8 2. The distributions under subsection 1 shall continue to  
22 9 be made until the combined amount of the distributions made  
22 10 under subsection 1 are equal to ~~fifty~~ ~~seventy=five~~ percent of  
22 11 the total of all counties' base year expenditures as defined  
22 12 in section 331.438.

22 13 Sec. 43. Section 427A.1, subsection 1, paragraph c, Code  
22 14 2009, is amended to read as follows:

22 15 c. Buildings, structures or improvements, any of which are  
22 16 constructed on or in the land, attached to the land, or placed  
22 17 upon a foundation whether or not attached to the foundation.  
22 18 However, property ~~taxed under chapter 435 and property that is~~  
22 19 a concrete batch plant as that term is defined in subsection 4  
22 20 shall not be assessed and taxed as real property.

22 21 Sec. 44. Section 435.1, subsections 3, 5, and 7, Code  
22 22 2009, are amended to read as follows:

22 23 3. "Manufactured home" means a factory=built structure  
22 24 built under authority of 42 U.S.C. } 5403, that is required by  
22 25 federal law to display a seal from the United States  
22 26 department of housing and urban development, and was  
22 27 constructed on or after June 15, 1976. ~~If a A~~ manufactured  
22 28 home ~~is placed in a manufactured home community or a mobile~~  
22 29 ~~home park, the home must be titled and is subject to the~~  
22 30 ~~manufactured or mobile home square foot tax. If a~~  
22 31 ~~manufactured home is placed outside a manufactured home~~  
22 32 ~~community or a mobile home park, the home must be titled and~~  
22 33 is to be assessed and taxed as real estate.

22 34 5. "Mobile home" means any vehicle without motive power  
22 35 used or so manufactured or constructed as to permit its being  
23 1 used as a conveyance upon the public streets and highways and  
23 2 so designed, constructed, or reconstructed as will permit the  
23 3 vehicle to be used as a place for human habitation by one or  
23 4 more persons; but shall also include any such vehicle with  
23 5 motive power not registered as a motor vehicle in Iowa. A  
23 6 "mobile home" is not built to a mandatory building code,  
23 7 contains no state or federal seals, and was built before June  
23 8 15, 1976. ~~If a A~~ mobile home is ~~placed outside a mobile home~~

~~23 9 park, the home is to be assessed and taxed as real estate.~~  
23 10 7. "Modular home" means a factory-built structure which is  
23 11 manufactured to be used as a place of human habitation, is  
23 12 constructed to comply with the Iowa state building code for  
23 13 modular factory-built structures, as adopted pursuant to  
23 14 section 103A.7, and must display the seal issued by the state  
23 15 building code commissioner. ~~If a modular home is placed in a~~  
~~23 16 manufactured home community or mobile home park, the home is~~  
~~23 17 subject to the annual tax as required by section 435.22. If a~~  
23 18 A modular home is placed outside a manufactured home community  
~~23 19 or a mobile home park, the home shall be considered real~~  
~~23 20 property and is to be assessed and taxed as real estate.~~

23 21 Sec. 45. Section 435.22, Code 2009, is amended by striking  
23 22 the section and inserting in lieu thereof the following:

23 23 435.22 ASSESSMENT == CREDITS.  
23 24 A mobile home or manufactured home used primarily as a  
23 25 residence shall be assessed as improved residential property  
23 26 pursuant to section 441.21, subsection 4, and shall be taxed  
23 27 an annual ad valorem tax in the same manner as other  
23 28 residential property. A mobile home or manufactured home used  
23 29 primarily for commercial or industrial purposes shall be  
23 30 assessed as improved commercial or industrial property  
23 31 pursuant to section 441.21, subsection 5A, and shall be taxed  
23 32 an annual ad valorem tax in the same manner as other  
23 33 commercial or industrial property. Persons who own a mobile  
23 34 home or manufactured home as a homestead and who meet the  
23 35 qualifications provided in section 425.2 are eligible for the  
24 1 homestead exemption and if they meet the qualifications  
24 2 provided in sections 425.17 through 425.37 are eligible for an  
24 3 extraordinary property tax exemption. A person who owns a  
24 4 mobile home or manufactured home is eligible to apply for the  
24 5 military tax exemption as provided in section 426A.11.

24 6 Real estate located in a manufactured home community or a  
24 7 mobile home park, as defined in section 435.1, shall be  
24 8 assessed and taxed as improved residential property. Real  
24 9 estate located in a land-leased community, as defined in  
24 10 sections 335.30A and 414.28A, shall be assessed and taxed as  
24 11 improved residential property.

24 12 Sec. 46. Section 435.23, Code 2009, is amended to read as  
24 13 follows:

24 14 435.23 EXEMPTIONS == PRORATING TAX.

24 15 The manufacturer's and dealer's inventory of mobile homes,  
24 16 manufactured homes, or modular homes not in use as a place of  
24 17 human habitation shall be exempt from the annual tax. All  
24 18 travel trailers shall be exempt from this tax. The homes and  
24 19 travel trailers in the inventory of manufacturers and dealers  
24 20 shall be exempt from personal property tax. ~~The homes coming~~  
~~24 21 into Iowa from out of state and located in a manufactured home~~  
~~24 22 community or mobile home park shall be liable for the tax~~  
~~24 23 computed pro rata to the nearest whole month, for the time the~~  
~~24 24 home is actually situated in Iowa.~~

24 25 Sec. 47. Section 435.24, subsections 1, 2, and 4, Code  
24 26 2009, are amended to read as follows:

24 27 1. The annual tax is due and payable to the county  
~~24 28 treasurer on or after July 1 in each fiscal year and is~~  
~~24 29 collectible in the same manner and at the same time as~~  
~~24 30 ordinary taxes as provided in sections 445.36, 445.37, and~~  
~~24 31 445.39. Interest at the rate prescribed by law shall accrue~~  
~~24 32 on unpaid taxes. Both installments of taxes may be paid at~~  
~~24 33 one time. The September installment represents a tax period~~  
~~24 34 beginning July 1 and ending December 31. The March~~  
~~24 35 installment represents a tax period beginning January 1 and~~  
~~25 1 ending June 30. A mobile home, manufactured home, or modular~~  
~~25 2 home coming into this state from outside the state, put in use~~  
~~25 3 from a dealer's inventory, or put in use at any time after~~  
~~25 4 July 1 or January 1, and located in a manufactured home~~  
~~25 5 community or mobile home park, is subject to the taxes~~  
~~25 6 prorated for the remaining unexpired months of the tax period,~~  
~~25 7 but the purchaser is not required to pay the tax at the time~~  
~~25 8 of purchase. Interest attaches the following April 1 for~~  
~~25 9 taxes prorated on or after October 1. Interest attaches the~~  
~~25 10 following October 1 for taxes prorated on or after April 1.~~  
25 11 Interest at the rate prescribed by law shall accrue on unpaid  
25 12 taxes. If the taxes are not paid, the county treasurer shall  
25 13 send a statement of delinquent taxes as part of the notice of  
25 14 tax sale as provided in section 446.9. ~~The owner of a home~~  
~~25 15 who sells the home between July 1 and December 31 and obtains~~  
~~25 16 a tax clearance statement is responsible only for the~~  
~~25 17 September tax payment and is not required to pay taxes for~~  
~~25 18 subsequent tax periods.~~ If the owner of a home located in a  
25 19 manufactured home community or mobile home park sells the

25 20 home, obtains a tax clearance statement, and obtains a  
25 21 replacement home to be located in a manufactured home  
25 22 community or mobile home park, the owner shall not pay taxes  
25 23 under this chapter for the newly acquired home for the same  
25 24 tax period that the owner has paid taxes on the home sold.  
25 25 Interest for delinquent taxes shall be calculated to the  
25 26 nearest whole dollar. In calculating interest each fraction  
25 27 of a month shall be counted as an entire month.

25 28 2. The home owners upon issuance of a certificate of title  
25 29 or upon transporting to a new site shall file the address,  
25 30 township, and school district, of the location where the home  
25 31 is parked with the county treasurer's office. Failure to  
25 32 comply is punishable as set out in section 435.18. ~~When the~~  
~~25 33 new location is outside of a manufactured home community or~~  
~~25 34 mobile home park, the~~ The county treasurer shall provide to  
25 35 the assessor a copy of the tax clearance statement for  
26 1 purposes of assessment as real estate on the following January  
26 2 1.

26 3 4. The tax is a lien on the vehicle senior to any other  
26 4 lien upon it except a judgment obtained in an action to  
26 5 dispose of an abandoned home under section 555B.8. The home  
26 6 bearing a current registration issued by any other state and  
26 7 remaining within this state for an accumulated period not to  
26 8 exceed ninety days in any twelve-month period is not subject  
26 9 to Iowa tax. However, when one or more persons occupying a  
26 10 home bearing a foreign registration are employed in this  
26 11 state, there is no exemption from the Iowa tax. ~~This tax is~~  
~~26 12 in lieu of all other taxes general or local on a home.~~

26 13 Sec. 48. Section 435.26, subsection 1, paragraph a, Code  
26 14 2009, is amended to read as follows:

26 15 a. A mobile home or manufactured home which is located  
26 16 outside a manufactured home community or mobile home park  
26 17 shall be ~~converted to real estate by being~~ placed on a  
26 18 permanent foundation and shall be assessed for real estate  
26 19 taxes. ~~A home, after conversion to real estate, is eligible~~  
~~26 20 for the homestead tax credit and the military service tax~~  
~~26 21 exemption as provided in sections 425.2 and 426A.11. Such~~  
~~26 22 mobile home or manufactured home is subject to the~~  
~~26 23 requirements of this section.~~

26 24 Sec. 49. Section 435.27, subsection 1, Code 2009, is  
26 25 amended to read as follows:

26 26 1. A mobile home or manufactured home ~~converted to real~~  
~~26 27 estate under section 435.26 may be reconverted to a home as~~  
~~26 28 provided in this section when it that~~ is moved to a  
26 29 manufactured home community or mobile home park or a  
26 30 manufactured or mobile home retailer's inventory is subject to  
~~26 31 the requirements of this section. When the home is located~~  
~~26 32 within a manufactured home community or mobile home park, the~~  
~~26 33 home shall be taxed pursuant to section 435.22, subsection 1.~~

26 34 Sec. 50. Section 435.27, subsection 3, Code 2009, is  
26 35 amended by striking the subsection.

27 1 Sec. 51. Section 435.28, Code 2009, is amended to read as  
27 2 follows:

27 3 435.28 COUNTY TREASURER TO NOTIFY ASSESSOR.

27 4 Upon issuance of a certificate of title to a mobile home or  
27 5 manufactured home which is not located in a ~~manufactured home~~  
~~27 6 community or mobile home park or dealer's inventory, the~~  
27 7 county treasurer shall notify the assessor of the existence of  
27 8 the home for tax assessment purposes.

27 9 Sec. 52. Section 435.35, Code 2009, is amended to read as  
27 10 follows:

27 11 435.35 EXISTING HOME OUTSIDE OF MANUFACTURED HOME  
27 12 COMMUNITY OR MOBILE HOME PARK == EXEMPTION.

27 13 A taxable mobile home or manufactured home which is not  
27 14 located in a manufactured home community or mobile home park  
27 15 as of January 1, 1995, ~~shall be assessed and taxed as real~~  
~~27 16 estate. The home is also exempt from the permanent foundation~~  
27 17 requirements of this chapter until the home is relocated.

27 18 Sec. 53. Section 441.16, unnumbered paragraph 7, Code  
27 19 2009, is amended to read as follows:

27 20 Any tax for the maintenance of the office of assessor and  
27 21 other assessment procedure shall be levied only upon the  
27 22 property in the area assessed by said assessor and such tax  
27 23 levy ~~shall not exceed forty and one-half cents per thousand~~  
~~27 24 dollars of assessed value in assessing areas where the~~  
~~27 25 valuation upon which the tax is levied does not exceed~~  
~~27 26 ninety-two million, six hundred thousand dollars; thirty-three~~  
~~27 27 and three-fourths cents per thousand dollars of assessed value~~  
~~27 28 in assessing areas where the valuation upon which the tax is~~  
~~27 29 levied exceeds ninety-two million, six hundred thousand~~  
~~27 30 dollars and does not exceed one hundred eleven million, one~~

~~27 31 hundred twenty thousand dollars; twenty-seven cents per~~  
~~27 32 thousand dollars of assessed value in assessing areas where~~  
~~27 33 the valuation upon which the tax is levied exceeds one hundred~~  
~~27 34 eleven million, one hundred twenty thousand dollars is subject~~  
~~27 35 to the limitation in section 331.423 or 384.1, as applicable.~~

28 1 The county treasurer shall credit the sums received from such  
28 2 levy to a separate fund to be known as the "assessment expense  
28 3 fund" and from which fund all expenses incurred under this  
28 4 chapter shall be paid. In the case of a county where there is  
28 5 more than one assessor the treasurer shall maintain separate  
28 6 assessment expense funds for each assessor.

28 7 Sec. 54. Section 441.50, Code 2009, is amended to read as  
28 8 follows:

28 9 441.50 APPRAISERS EMPLOYED.

28 10 The conference board shall have power to employ appraisers  
28 11 or other technical or expert help to assist in the valuation  
28 12 of property, the cost thereof to be paid in the same manner as  
28 13 other expenses of the assessor's office. The conference board  
28 14 may certify for levy annually ~~an amount not to exceed forty~~

~~28 15 and one-half cents per thousand dollars of assessed value of~~  
~~28 16 taxable property, subject to the limitation in section 331.423~~  
~~28 17 or 384.1, as applicable, for the purpose of establishing a~~

28 18 special appraiser's fund, to be used only for such purposes.

28 19 From time to time the conference board may direct the transfer  
28 20 of any unexpended balance in the special appraiser's fund to  
28 21 the assessment expense fund.

28 22 Sec. 55. NEW SECTION. 444.29 PROPERTY TAX LIMITATION ==  
28 23 CONSUMER PRICE INDEX.

28 24 1. Notwithstanding the limitations in sections 331.423 and  
28 25 384.1, beginning with the fiscal year beginning July 1, 2014,  
28 26 the percentage increase in the amount of property taxes to be  
28 27 levied by a city or a county against any class of property for  
28 28 a fiscal year cannot exceed the amount computed in this

28 29 section.

28 30 2. The property tax limitation shall be computed as

28 31 follows:

28 32 a. Determine the amount of property taxes levied as a

28 33 percent of taxable value in the current fiscal year.

28 34 b. Determine the sum of the amount of taxable value of

28 35 property for the current fiscal year, and the amount of  
29 1 increase in taxable value of property due to new construction,  
29 2 additions or improvements to existing structures, expiration  
29 3 of tax abatement under chapter 404, and any increase in  
29 4 valuation because of reclassification of property.

29 5 c. Multiply the percent calculated in paragraph "a" times  
29 6 the amount in paragraph "b".

29 7 d. Multiply the product determined in paragraph "c" times  
29 8 the sum of one plus the consumer price index.

29 9 3. a. A city or county may exceed the limitation in this  
29 10 section if the purpose of exceeding the limitation is to  
29 11 provide additional property tax credits, exemptions, or  
29 12 abatements, and if the proposition to exceed the limitation is  
29 13 submitted at the regular city election in the case of a city  
29 14 or at the general election in the case of a county.

29 15 b. Notice of the election shall be given by publication as  
29 16 required by section 49.53.

29 17 c. The proposition of exceeding the limitation is not  
29 18 adopted unless the proposition receives a favorable majority  
29 19 of the votes cast on the proposition.

29 20 d. If the proposition of exceeding the limitation is  
29 21 approved by the voters, the city or county may proceed to  
29 22 exceed the limitation for a period not to exceed four years.

29 23 e. In no case shall the percentage rate limitations in  
29 24 sections 331.423 and 384.1 be exceeded by operation of this  
29 25 subsection.

29 26 4. For purposes of this section, "consumer price index"  
29 27 means the percentage rate of change in the consumer price  
29 28 index as tabulated by the United States department of labor,  
29 29 bureau of labor statistics, for the twelve-month period ending  
29 30 June 30 of the previous fiscal year.

29 31 Sec. 56. Section 445.1, subsection 6, Code 2009, is  
29 32 amended to read as follows:

29 33 6. "Taxes" means an annual ad valorem tax, a special  
29 34 assessment, a drainage tax, and a rate or charge, ~~and taxes on~~  
~~29 35 homes pursuant to chapter 435~~ which are collectible by the

30 1 county treasurer.  
30 2 Sec. 57. Section 445.39, Code 2009, is amended to read as

30 3 follows:

30 4 445.39 INTEREST ON DELINQUENT TAXES.

30 5 If the first installment of taxes is not paid by the

30 6 delinquent date specified in section 445.37, the installment

30 7 becomes due and draws interest of one ~~and one-half~~ percent per  
30 8 month until paid, from the delinquent date following the levy.  
30 9 If the last half is not paid by the delinquent date specified  
30 10 for it in section 445.37, the same interest shall be charged  
30 11 from the date the last half became delinquent. However, after  
30 12 April 1 in a fiscal year when late delivery of the tax list  
30 13 referred to in chapter 443 results in a delinquency date later  
30 14 than October 1 for the first installment, interest on  
30 15 delinquent first installments shall accrue as if delivery were  
30 16 made on the previous June 30. The interest imposed under this  
30 17 section shall be computed to the nearest whole dollar and the  
30 18 amount of interest shall not be less than one dollar. In  
30 19 calculating interest each fraction of a month shall be counted  
30 20 as an entire month. The interest percentage on delinquent  
30 21 special assessments and rates or charges is the same as that  
30 22 for the first installment of delinquent ad valorem taxes.

30 23 Sec. 58. Section 447.1, unnumbered paragraph 1, Code 2009,  
30 24 is amended to read as follows:

30 25 A parcel sold under this chapter and chapter 446 may be  
30 26 redeemed at any time before the right of redemption expires,  
30 27 by payment to the county treasurer, to be held by the  
30 28 treasurer subject to the order of the purchaser, of the amount  
30 29 for which the parcel was sold, including the fee for the  
30 30 certificate of purchase, and interest of ~~two~~ one and one-half  
30 31 percent per month, counting each fraction of a month as an  
30 32 entire month, from the month of sale, and the total amount  
30 33 paid by the purchaser or the purchaser's assignee for any  
30 34 subsequent year, with interest at the same rate added on the  
30 35 amount of the payment for each subsequent year from the month  
31 1 of payment, counting each fraction of a month as an entire  
31 2 month. The amount of interest must be at least one dollar and  
31 3 shall be rounded to the nearest whole dollar. Interest shall  
31 4 accrue on subsequent amounts as provided in section 446.32.  
31 5 The redemption must be received by the treasurer on or before  
31 6 the last day of the month to avoid additional interest being  
31 7 added to the amount necessary to redeem. However, if the last  
31 8 day of a month falls on a Saturday, Sunday, or a holiday, the  
31 9 payment must be received by the treasurer by the close of  
31 10 business on the first business day of the following month.

31 11 Sec. 59. Sections 331.424, 331.424B, 331.425, 331.426,  
31 12 384.12, 435.33, and 435.34, Code 2009, are repealed.

31 13 Sec. 60. EFFECTIVE AND APPLICABILITY DATES.

31 14 1. The sections of this division of this Act amending  
31 15 sections 445.39 and 447.1 take effect July 1, 2009, and apply  
31 16 to property taxes which become delinquent on or after July 1,  
31 17 2009, and to parcels sold for delinquent taxes on or after  
31 18 July 1, 2009.

31 19 2. The remainder of this division of this Act takes effect  
31 20 July 1, 2010, and applies to fiscal years beginning on or  
31 21 after July 1, 2011.

#### 31 22 DIVISION II

#### 31 23 ASSESSMENT OF PROPERTY

31 24 Sec. 61. Section 403.20, Code 2009, is amended to read as  
31 25 follows:

31 26 403.20 PERCENTAGE OF ADJUSTMENT CONSIDERED IN VALUE  
31 27 ASSESSMENT.

31 28 In determining the assessed value of property within an  
31 29 urban renewal area which is subject to a division of tax  
31 30 revenues pursuant to section 403.19, the ~~difference between~~  
31 31 ~~the actual value of the property as determined by the assessor~~  
31 32 ~~each year and the percentage of adjustment certified for that~~  
31 33 ~~year by the director of revenue on or before November 1~~  
31 34 ~~reductions applied to the property pursuant to section 441.21,~~  
31 35 ~~subsection 4, 5, 5A, 5B, or 5C, multiplied by the actual~~  
32 1 ~~value of the property as determined by the assessor,~~ shall be  
32 2 subtracted from the actual value of the property as determined  
32 3 pursuant to section 403.19, subsection 1. If the assessed  
32 4 value of the property as determined pursuant to section  
32 5 403.19, subsection 1, is reduced to zero, the additional  
32 6 valuation reduction shall be subtracted from the actual value  
32 7 of the property as determined by the assessor.

32 8 Sec. 62. Section 433.6, Code 2009, is amended to read as  
32 9 follows:

32 10 433.6 TAXABLE VALUE.

32 11 The taxable value shall be ~~determined by taking the~~  
32 12 ~~percentage of the actual value so ascertained,~~ reduced as  
32 13 provided by section 441.21, and the ratio between the actual  
32 14 value and the assessed or taxable value of the property of  
32 15 each of said companies shall be the same as in the case of  
32 16 property of private individuals.

32 17 Sec. 63. Section 437.7, Code 2009, is amended to read as

32 18 follows:

32 19 437.7 TAXABLE VALUE.

32 20 The taxable value of such line or lines of which the  
32 21 director of revenue by this chapter is required to find the  
32 22 value, shall be determined by taking the ~~percentage of the~~  
~~32 23 actual reduction in~~ value so ascertained, as provided by  
32 24 section 441.21, and the ratio between the actual value and the  
32 25 assessed or taxable value of the transmission line or lines of  
32 26 each of said companies located outside of cities shall be the  
32 27 same as in the case of the property of private individuals.

32 28 Sec. 64. Section 441.6, Code 2009, is amended to read as  
32 29 follows:

32 30 441.6 APPOINTMENT OF ASSESSOR.

32 31 1. a. When a vacancy occurs in the office of city or  
32 32 county assessor, the examining board shall, within seven days  
32 33 of the occurrence of the vacancy, request the director of  
32 34 revenue to forward a register containing the names of all  
32 35 individuals eligible for appointment as assessor. The  
33 1 examining board may, at its own expense, conduct a further  
33 2 examination, either written or oral, of any person whose name  
33 3 appears on the register, and shall make written report of the  
33 4 examination and submit the report together with the names of  
33 5 those individuals certified by the director of revenue to the  
33 6 conference board within fifteen days after the receipt of the  
33 7 register from the director of revenue.

33 8 b. Upon receipt of the report of the examining board, the  
33 9 chairperson of the conference board shall by written notice  
33 10 call a meeting of the conference board to appoint an assessor.  
33 11 The meeting shall be held not later than seven days after the  
33 12 receipt of the report of the examining board by the conference  
33 13 board. At the meeting, the conference board shall appoint an  
33 14 assessor from the register of eligible candidates. However,  
33 15 if a special examination has not been conducted previously for  
33 16 the same vacancy, the conference board may request the  
33 17 director of revenue to hold a special examination pursuant to  
33 18 section 441.7. The chairperson of the conference board shall  
33 19 give written notice to the director of revenue of the  
33 20 appointment and its effective date within ten days of the  
33 21 decision of the board.

33 22 2. In lieu of subsection 1, a vacancy in the office of  
~~33 23 assessor occurring during an unexpired term may be filled by~~  
~~33 24 appointment of an assessor currently serving in another~~  
~~33 25 assessing jurisdiction if the conference boards of both~~  
~~33 26 assessing jurisdictions agree to jointly employ an assessor.~~  
~~33 27 The appointment to fill the vacancy shall be for the length of~~  
~~33 28 the unexpired term. The chairperson of the conference board~~  
~~33 29 of the assessing jurisdiction where the vacancy has occurred~~  
~~33 30 shall give written notice to the director of revenue of the~~  
~~33 31 agreement to jointly employ an assessor for the remainder of~~  
~~33 32 the unexpired term within ten days of the date of the~~  
~~33 33 appointment. If the conference boards jointly employing an~~  
~~33 34 assessor under this subsection wish to continue joint~~  
~~33 35 employment of an assessor beyond completion of the unexpired~~  
34 1 term, they must do so pursuant to section 441.16A.

34 2 Sec. 65. Section 441.8, unnumbered paragraphs 9 and 10,  
34 3 Code 2009, are amended to read as follows:

34 4 If the incumbent assessor is not reappointed as above  
34 5 provided, then not less than sixty days before the expiration  
34 6 of the term of said assessor, a new assessor shall be selected  
34 7 as provided in section 441.6, subsection 1, or section  
34 8 441.16A.

34 9 In the event of the removal, resignation, death, or removal  
34 10 from the county of the said assessor, the conference board  
34 11 shall proceed to fill the vacancy by appointing an assessor to  
34 12 serve the unexpired term in the manner provided in section  
34 13 441.6, subsection 1 or 2. Until the vacancy is filled, the  
34 14 chief deputy shall act as assessor, and in the event there be  
34 15 no deputy, in the case of counties the auditor shall act as  
34 16 assessor and in the case of cities having an assessor the city  
34 17 clerk shall act as assessor.

34 18 Sec. 66. NEW SECTION. 441.16A COUNTIES JOINING IN  
34 19 EMPLOYMENT OF MULTICOUNTY ASSESSOR.

34 20 The conference boards of two or more adjacent counties may  
34 21 enter into an agreement pursuant to chapter 28E to jointly  
34 22 employ a county assessor for one or more terms of office.  
34 23 Such agreement shall be written and entered in their  
34 24 respective minutes and a copy of the agreement transmitted to  
34 25 the conference board of each county that is a party to the  
34 26 agreement and to the director of revenue. The duration of the  
34 27 agreement shall not be for a period of less than six years  
34 28 beginning from the date the multicounty assessor is appointed

34 29 by joint action of the conference boards. The incumbent  
34 30 assessor of each county that is a party to the agreement shall  
34 31 be allowed to complete the current term of office and the  
34 32 multicounty assessor shall be appointed for the succeeding  
34 33 term.

34 34 The agreement shall provide that the conference board of  
34 35 each county that is a party to the agreement shall meet  
35 1 jointly on matters pertaining to appointment, retention, or  
35 2 compensation of the assessor, or on other personnel matters  
35 3 relating to the assessor. When meeting jointly, the co=  
35 4 chairpersons of the conference boards shall be the chairperson  
35 5 of each board of supervisors represented on each conference  
35 6 board. When voting on matters at a joint meeting, section  
35 7 441.2 applies except that no action shall be valid except by  
35 8 the vote of not less than four out of the six units.

35 9 Sec. 67. Section 441.21, subsection 1, paragraph b,  
35 10 unnumbered paragraph 1, Code 2009, is amended to read as  
35 11 follows:

35 12 The actual value of all property subject to assessment and  
35 13 taxation shall be the fair and reasonable market value of such  
35 14 property except as otherwise provided in this section.  
35 15 "Market value" is defined as the fair and reasonable exchange  
35 16 in the year in which the property is listed and valued between  
35 17 a willing buyer and a willing seller, neither being under any  
35 18 compulsion to buy or sell and each being familiar with all the  
35 19 facts relating to the particular property. Sale prices of the  
35 20 property or comparable property in normal transactions  
35 21 reflecting market value, and the probable availability or  
35 22 unavailability of persons interested in purchasing the  
35 23 property, shall be taken into consideration in arriving at its  
35 24 market value. In arriving at market value, sale prices of  
35 25 property in abnormal transactions not reflecting market value  
35 26 shall not be taken into account, or shall be adjusted to  
35 27 eliminate the effect of factors which distort market value,  
35 28 including but not limited to sales to immediate family of the  
35 29 seller, foreclosure or other forced sales, contract sales,  
35 30 discounted purchase transactions or purchase of adjoining land  
35 31 or other land to be operated as a unit. The sales price of  
35 32 property sold at public auction shall not be presumed to be a  
35 33 sales price of an abnormal transaction, nor shall a sale at  
35 34 public auction be presumed to be a factor which distorts  
35 35 market value. The sale price of property sold in the calendar  
36 1 year prior to the assessment year shall be presumed to be the  
36 2 market value of the property for that assessment year if the  
36 3 buyer and seller in such transaction were not immediate family  
36 4 members. If the assessment of such property is protested, the  
36 5 assessor has the burden of proving by a preponderance of the  
36 6 evidence that the market value is other than the sale price.

36 7 Sec. 68. Section 441.21, subsection 1, paragraphs e and f,  
36 8 Code 2009, are amended by striking the paragraphs.

36 9 Sec. 69. Section 441.21, subsection 1, paragraph g, Code  
36 10 2009, is amended to read as follows:

36 11 g. ~~Notwithstanding any other provision of this section,~~  
36 12 ~~the~~ The actual value of any property shall not exceed its fair  
36 13 and reasonable market value, except ~~agricultural property~~  
36 14 ~~which shall be valued exclusively as provided in paragraph "e"~~  
36 15 ~~of this subsection as otherwise provided in this section.~~

36 16 Sec. 70. Section 441.21, subsection 2, Code 2009, is  
36 17 amended by adding the following new unnumbered paragraph:  
36 18 NEW UNNUMBERED PARAGRAPH. In the event market value of  
36 19 newly constructed residential property being assessed cannot  
36 20 be readily established because of insufficient comparable  
36 21 sales, the assessor shall use the replacement cost method to  
36 22 value the property.

36 23 Sec. 71. Section 441.21, subsection 4, Code 2009, is  
36 24 amended by striking the subsection and inserting in lieu  
36 25 thereof the following:

36 26 4. a. (1) For valuations established for the assessment  
36 27 year beginning January 1, 2010, and each year thereafter, the  
36 28 actual value at which residential property is assessed shall  
36 29 be the sum of the market value for the assessment year and for  
36 30 the previous four assessment years, as determined by the  
36 31 assessor, divided by five.

36 32 (2) For valuations established for the assessment year  
36 33 beginning January 1, 2010, and each year thereafter, the  
36 34 actual value determined under subparagraph (1) shall be  
36 35 reduced by fifty percent up to a maximum of twenty thousand  
37 1 dollars on each parcel of residential property assessed for  
37 2 taxation. The reduction shall be applied to an improved  
37 3 parcel only.

37 4 b. (1) For valuations established for the assessment year

37 5 beginning January 1, 2010, and each year thereafter, the  
37 6 actual value at which income residential property is assessed  
37 7 shall be the sum of the market value for the assessment year  
37 8 and for the previous four assessment years, as determined by  
37 9 the assessor, divided by five.

37 10 (2) For valuations established for the assessment year  
37 11 beginning January 1, 2010, and each year thereafter, the  
37 12 actual value determined under subparagraph (1) shall be  
37 13 reduced by fifty percent up to a maximum of twenty thousand  
37 14 dollars on each parcel of income residential property assessed  
37 15 for taxation. The reduction shall be applied to an improved  
37 16 parcel only. "Income residential property" means residential  
37 17 property consisting of three or more separate living quarters  
37 18 with at least seventy-five percent of the space used for  
37 19 residential purposes.

37 20 Sec. 72. Section 441.21, subsection 5, Code 2009, is  
37 21 amended to read as follows:

~~37 22 5. For valuations established as of January 1, 1979,  
37 23 commercial property and industrial property, excluding  
37 24 properties referred to in section 427A.1, subsection 8, shall  
37 25 be assessed as a percentage of the actual value of each class  
37 26 of property. The percentage shall be determined for each  
37 27 class of property by the director of revenue for the state in  
37 28 accordance with the provisions of this section. For  
37 29 valuations established as of January 1, 1979, the percentage  
37 30 shall be the quotient of the dividend and divisor as defined  
37 31 in this section. The dividend for each class of property  
37 32 shall be the total actual valuation for each class of property  
37 33 established for 1978, plus six percent of the amount so  
37 34 determined. The divisor for each class of property shall be  
37 35 the valuation for each class of property established for 1978,  
38 1 as reported by the assessors on the abstracts of assessment  
38 2 for 1978, plus the amount of value added to the total actual  
38 3 value by the revaluation of existing properties in 1979 as  
38 4 equalized by the director of revenue pursuant to section  
38 5 441.49. For valuations established as of January 1, 1979,  
38 6 property valued by the department of revenue pursuant to  
38 7 sections 428.24 through 428.29, and chapters 428, 433, 437,  
38 8 and 438 shall be considered as one class of property and shall  
38 9 be assessed as a percentage of its actual value. The  
38 10 percentage shall be determined by the director of revenue in  
38 11 accordance with the provisions of this section. For  
38 12 valuations established as of January 1, 1979, the percentage  
38 13 shall be the quotient of the dividend and divisor as defined  
38 14 in this section. The dividend shall be the total actual  
38 15 valuation established for 1978 by the department of revenue,  
38 16 plus ten percent of the amount so determined. The divisor for  
38 17 property valued by the department of revenue pursuant to  
38 18 sections 428.24 through 428.29 and chapters 428, 433, 437, and  
38 19 438 shall be the valuation established for 1978, plus the  
38 20 amount of value added to the total actual value by the  
38 21 revaluation of the property by the department of revenue as of  
38 22 January 1, 1979. For valuations established as of January 1,  
38 23 1980, commercial property and industrial property, excluding  
38 24 properties referred to in section 427A.1, subsection 8, shall  
38 25 be assessed at a percentage of the actual value of each class  
38 26 of property. The percentage shall be determined for each  
38 27 class of property by the director of revenue for the state in  
38 28 accordance with the provisions of this section. For  
38 29 valuations established as of January 1, 1980, the percentage  
38 30 shall be the quotient of the dividend and divisor as defined  
38 31 in this section. The dividend for each class of property  
38 32 shall be the dividend as determined for each class of property  
38 33 for valuations established as of January 1, 1979, adjusted by  
38 34 the product obtained by multiplying the percentage determined  
38 35 for that year by the amount of any additions or deletions to  
39 1 actual value, excluding those resulting from the revaluation  
39 2 of existing properties, as reported by the assessors on the  
39 3 abstracts of assessment for 1979, plus four percent of the  
39 4 amount so determined. The divisor for each class of property  
39 5 shall be the total actual value of all such property in 1979,  
39 6 as equalized by the director of revenue pursuant to section  
39 7 441.49, plus the amount of value added to the total actual  
39 8 value by the revaluation of existing properties in 1980. The  
39 9 director shall utilize information reported on the abstracts  
39 10 of assessment submitted pursuant to section 441.45 in  
39 11 determining such percentage. For valuations established as of  
39 12 January 1, 1980, property valued by the department of revenue  
39 13 pursuant to sections 428.24 through 428.29, and chapters 428,  
39 14 433, 437, and 438 shall be assessed at a percentage of its  
39 15 actual value. The percentage shall be determined by the~~

39 16 director of revenue in accordance with the provisions of this  
39 17 section. For valuations established as of January 1, 1980,  
39 18 the percentage shall be the quotient of the dividend and  
39 19 divisor as defined in this section. The dividend shall be the  
39 20 total actual valuation established for 1979 by the department  
39 21 of revenue, plus eight percent of the amount so determined.  
39 22 The divisor for property valued by the department of revenue  
39 23 pursuant to sections 428.24 through 428.29, and chapters 428,  
39 24 433, 437, and 438 shall be the valuation established for 1979,  
39 25 plus the amount of value added to the total actual value by  
39 26 the revaluation of the property by the department of revenue  
39 27 as of January 1, 1980. ~~For valuations established as of~~  
~~39 28 January 1, 1981, and each year thereafter, the percentage of~~  
~~39 29 actual value as equalized by the director of revenue as~~  
~~39 30 provided in section 441.49 at which commercial property and~~  
~~39 31 industrial property, excluding properties referred to in~~  
~~39 32 section 427A.1, subsection 8, shall be assessed shall be~~  
~~39 33 calculated in accordance with the methods provided herein,~~  
~~39 34 except that any references to six percent in this subsection~~  
~~39 35 shall be four percent.~~ For valuations established as of  
40 1 January 1, 1981, and each year thereafter, the percentage of  
40 2 actual value at which property valued by the department of  
40 3 revenue pursuant to sections 428.24 through 428.29, and  
40 4 chapters 428, 433, 437, and 438 shall be assessed shall be  
40 5 calculated in accordance with the methods provided herein in  
40 6 this section, except that any references to ten percent in  
40 7 this subsection shall be eight percent. Beginning with  
40 8 valuations established as of January 1, 1979, and each year  
40 9 thereafter, property valued by the department of revenue  
40 10 pursuant to chapter 434 shall also be assessed at a percentage  
40 11 of its actual value which percentage shall be equal to the  
40 12 percentage determined by the director of revenue for  
40 13 commercial property, industrial property, or property valued  
40 14 by the department of revenue pursuant to sections 428.24  
40 15 through 428.29, and chapters 428, 433, 437, and 438, whichever  
40 16 is lowest.

40 17 Sec. 73. Section 441.21, Code 2009, is amended by adding  
40 18 the following new subsections:

40 19 NEW SUBSECTION. 5A. a. For valuations established for  
40 20 the assessment year beginning January 1, 2010, and each year  
40 21 thereafter, the actual value at which commercial property is  
40 22 assessed shall be the sum of the market value for the  
40 23 assessment year and for the previous four assessment years, as  
40 24 determined by the assessor, divided by five.

40 25 b. For valuations established for the assessment year  
40 26 beginning January 1, 2010, and each year thereafter, the  
40 27 actual value at which industrial property is assessed shall be  
40 28 the sum of the market value for the assessment year and for  
40 29 the previous four assessment years, as determined by the  
40 30 assessor, divided by five.

40 31 c. Notwithstanding subsection 2, an owner of commercial  
40 32 property that has a fair market value of less than five  
40 33 hundred thousand dollars may notify the assessor that the  
40 34 owner elects to have the actual value of the property be  
40 35 determined by the assessor using the productive and earning  
41 1 capacity of the property as the sole method of appraisal.  
41 2 This paragraph does not apply to commercial property described  
41 3 in paragraphs "e" and "f" of this subsection. This  
41 4 notification must be provided to the assessor by no later than  
41 5 March 1 of each assessment year the election is taken. In  
41 6 determining the actual value of property under this paragraph,  
41 7 the assessor shall not consider any tax credit equity or other  
41 8 subsidized financing as income provided to the property or  
41 9 property owner.

41 10 d. For valuations established for the assessment year  
41 11 beginning January 1, 2010, and each year thereafter, the  
41 12 actual value at which commercial property and industrial  
41 13 property is assessed shall be reduced by fifty percent up to a  
41 14 maximum of twenty-five thousand dollars on each parcel of  
41 15 commercial property or industrial property assessed for  
41 16 taxation. The reduction shall be applied to an improved  
41 17 parcel only.

41 18 e. Commercial property includes agricultural land held for  
41 19 development, commercial, or investment purposes.

41 20 f. Commercial property includes a tract of land containing  
41 21 an animal feeding operation structure as defined in section  
41 22 459.102 if it is not classified as agricultural property under  
41 23 subsection 5C.

41 24 NEW SUBSECTION. 5B. a. For valuations established for  
41 25 the assessment year beginning January 1, 2010, and each year  
41 26 thereafter, the actual value at which agricultural property

41 27 that is not classified as a family farm pursuant to subsection  
41 28 5C or as commercial property pursuant to subsection 5A,  
41 29 paragraph "e" or "f", is assessed shall be the sum of the  
41 30 market value for the assessment year and for the previous four  
41 31 assessment years, as determined by the assessor, divided by  
41 32 five.

41 33 b. For valuations established for the assessment year  
41 34 beginning January 1, 2010, the actual value determined under  
41 35 paragraph "a" shall be reduced by fifty percent up to a  
42 1 maximum of sixty-five thousand dollars per farm unit.

42 2 c. For purposes of this subsection, "farm unit" means the  
42 3 same as defined by the farm services agency of the United  
42 4 States department of agriculture. Before assigning assessed  
42 5 value per tract of agricultural land, the assessor shall  
42 6 establish a per acre assessment for the agricultural property.

42 7 NEW SUBSECTION. 5C. a. For valuations established for  
42 8 the assessment year beginning January 1, 2010, and each year  
42 9 thereafter, the actual value of agricultural property shall be  
42 10 determined on the basis of productivity and net earning  
42 11 capacity of the property determined on the basis of its use  
42 12 for agricultural purposes capitalized at a rate of seven  
42 13 percent and applied uniformly among counties and among classes  
42 14 of property, except that increases in actual value are limited  
42 15 to four percent. Any formula or method employed to determine  
42 16 productivity and net earning capacity of property shall be  
42 17 adopted in full by rule. The agricultural property assessed  
42 18 under this subsection must be owned by an owner who is  
42 19 actively engaged in farming the agricultural land.

42 20 b. In counties or townships in which field work on a  
42 21 modern soil survey has been completed since January 1, 1949,  
42 22 the assessor shall place emphasis upon the results of the  
42 23 survey in spreading the valuation among individual parcels of  
42 24 such agricultural property.

42 25 c. For purposes of this subsection:

42 26 (1) "Actively engaged in farming" means that the owner  
42 27 inspects the production activities periodically and furnishes  
42 28 at least half of the value of the tools and pays at least half  
42 29 the direct cost of production; or regularly and frequently  
42 30 makes or takes an important part in making management  
42 31 decisions substantially contributing to or affecting the  
42 32 success of the farm operation; or performs physical work which  
42 33 significantly contributes to crop or livestock production.  
42 34 However, a lessor, whether under a cash or a crop share lease,  
42 35 is not actively engaged in farming on the area of the tract  
43 1 covered by the lease. This provision applies to both written  
43 2 and oral leases.

43 3 (2) "Eligible tract" means an area of agricultural land  
43 4 which is comprised of all of the contiguous tracts under  
43 5 identical legal ownership that are located within the same  
43 6 county and, in the aggregate, more than half the acres of the  
43 7 contiguous tract are devoted to the production of crops or  
43 8 livestock by an owner who is actively engaged in farming.

43 9 (3) "Owner" means any of the following:

43 10 (a) An individual who holds the fee simple title to the  
43 11 agricultural land.

43 12 (b) An individual who owns the agricultural land under a  
43 13 contract of purchase which has been recorded in the office of  
43 14 the county recorder of the county in which the agricultural  
43 15 land is located.

43 16 (c) An individual who owns the agricultural land under  
43 17 devise or by operation of the inheritance laws, where the  
43 18 whole interest passes or where the divided interest is shared  
43 19 only by individuals related or formerly related to each other  
43 20 by blood, marriage, or adoption.

43 21 (d) An individual who owns the agricultural land under a  
43 22 deed which conveys a divided interest, where the divided  
43 23 interest is shared only by individuals related or formerly  
43 24 related to each other by blood, marriage, or adoption.

43 25 (e) A partnership where all partners are related or  
43 26 formerly related to each other by blood, marriage, or  
43 27 adoption.

43 28 (f) A family farm corporation or authorized farm  
43 29 corporation, as both are defined in section 9H.1, which owns  
43 30 the agricultural land.

43 31 (4) "Production of crops" includes pastureland.

43 32 Sec. 74. Section 441.21, subsections 9 and 10, Code 2009,  
43 33 are amended to read as follows:

43 34 9. Not later than November 1, ~~1979~~ 2010, and November 1 of  
43 35 each subsequent year, the director shall certify to the county  
44 1 auditor of each county the percentages of actual value at  
44 2 which ~~residential property, agricultural property, commercial~~

~~44 3 property, industrial property, and property valued by the~~  
~~44 4 department of revenue pursuant to sections 428.24 through~~  
~~44 5 428.29, and chapters 428, 433, 434, 437, and 438 in each~~  
44 6 assessing jurisdiction in the county shall be assessed for  
44 7 taxation. The county auditor shall proceed to determine the  
44 8 assessed values of ~~agricultural property, residential~~  
~~44 9 property, commercial property, industrial property, and~~  
44 10 property valued by the department of revenue pursuant to  
44 11 sections 428.24 through 428.29, and chapters 428, 433, 434,  
44 12 437, and 438 by applying such percentages to the current  
44 13 actual value of such property, as reported to the county  
44 14 auditor by the assessor, and the assessed values so determined  
44 15 shall be the taxable values of such properties upon which the  
44 16 levy shall be made.

44 17 10. The percentage of actual value computed by the  
44 18 director for agricultural property, residential property,  
44 19 income residential property, commercial property, industrial  
44 20 property, and property valued by the department of revenue  
44 21 pursuant to sections 428.24 through 428.29, and chapters 428,  
44 22 433, 434, 437, and 438 and used to determine assessed values  
44 23 of those classes of property does not constitute a rule as  
44 24 defined in section 17A.2, subsection 11.

44 25 Sec. 75. Section 441.21, Code 2009, is amended by adding  
44 26 the following new subsection:

44 27 NEW SUBSECTION. 13. a. The reduction amounts in  
44 28 subsections 4, 5A, and 5B shall each year be increased for  
44 29 inflation. Upon determination of the latest cumulative  
44 30 inflation factor, the director of revenue shall multiply each  
44 31 dollar amount set forth in subsections 4, 5A, and 5B by this  
44 32 cumulative inflation factor, shall round off the resulting  
44 33 product to the nearest dollar, and shall transmit the result  
44 34 to each city and county assessor for each assessment year.  
44 35 b. For purposes of this subsection, "cumulative inflation  
45 1 factor" means the product of the annual inflation factor for  
45 2 the 2010 calendar year and all annual inflation factors for  
45 3 subsequent calendar years as determined pursuant to this  
45 4 subsection. The cumulative inflation factor applies to all  
45 5 tax years beginning on or after January 1 of the calendar year  
45 6 for which the latest annual inflation factor has been  
45 7 determined.

45 8 c. In determining the annual inflation factor, the  
45 9 department shall use the annual percent change, but not less  
45 10 than zero percent, in the gross domestic product price  
45 11 deflator computed for the second quarter of the calendar year  
45 12 by the bureau of economic analysis of the United States  
45 13 department of commerce and shall add all of that percent  
45 14 change to one hundred percent. The annual inflation factor  
45 15 and the cumulative inflation factor shall each be expressed as  
45 16 a percentage rounded to the nearest one-tenth of one percent.  
45 17 The annual inflation factor shall not be less than one hundred  
45 18 percent.

45 19 d. The annual inflation factor for the 2010 assessment  
45 20 year is one hundred percent.

45 21 Sec. 76. Section 441.40, Code 2009, is amended to read as  
45 22 follows:

45 23 441.40 COSTS, FEES, AND EXPENSES APPORTIONED.

45 24 The clerk of the court shall likewise certify to the county  
45 25 treasurer the costs assessed by the court on any appeal from a  
45 26 board of review to the district court, in all cases where said  
45 27 costs are taxed against the board of review or any taxing  
45 28 body. The district court may award payment of the property  
45 29 owner's or aggrieved taxpayer's attorney fees as part of the  
45 30 costs assessed by the court to be taxed against the board of  
45 31 review or any taxing body, unless the court determines that  
45 32 the protest was frivolous, and, in that case, the court may  
45 33 assess the costs of defending the protest against the owner or  
45 34 taxpayer who filed the protest. Thereupon the county

45 35 treasurer shall compute and apportion the said costs between  
46 1 the various taxing bodies participating in the proceeds of the  
46 2 collection of the taxes involved in any such appeal, and said  
46 3 treasurer shall so compute and apportion the various amounts  
46 4 which said taxing bodies are required to pay in proportion to  
46 5 the amount of taxes each of said taxing bodies is entitled to  
46 6 receive from the whole amount of taxes involved in each of  
46 7 such appeals. The said county treasurer shall deduct from the  
46 8 proceeds of all general taxes collected the amount of costs so  
46 9 computed and apportioned by the treasurer from the moneys due  
46 10 to each taxing body from general taxes collected. The amount  
46 11 so deducted shall be certified to each taxing body in lieu of  
46 12 moneys collected. Said county treasurer shall pay to the  
46 13 clerk of the district court the amount of said costs so

46 14 computed, apportioned and collected by the treasurer in all  
46 15 cases now on file or hereafter filed in which said costs have  
46 16 not been paid.

46 17 Sec. 77. Section 441.47, Code 2009, is amended to read as  
46 18 follows:

46 19 441.47 ADJUSTED VALUATIONS.

46 20 1. The director of revenue on or about August 15, 1977,  
46 21 and every two years thereafter shall order the equalization of  
46 22 the levels of assessment of each class of property in the  
46 23 several assessing jurisdictions by adding to or deducting from  
46 24 the valuation of each class of property such percentage in  
46 25 each case as may be necessary to bring the same to its taxable  
46 26 value as fixed in this chapter and chapters 427 to 443. The  
46 27 director shall adjust to actual value the valuation of any  
46 28 class of property as set out in the abstract of assessment  
46 29 when the valuation is at least five percent above or below  
46 30 actual value as determined by the director.

46 31 2. For purposes of such value adjustments and before such  
46 32 equalization the director shall adopt, in the manner  
46 33 prescribed by chapter 17A, such rules as may be necessary to  
46 34 determine the level of assessment for each class of property  
46 35 in each county. The rules shall cover all of the following:

47 1 (1) a. The proposed use of the assessment-sales ratio  
47 2 study set out in section 421.17, subsection 6+

47 3 (2) b. ~~the~~ The proposed use of any statewide income  
47 4 capitalization studies+

47 5 (3) c. ~~the~~ The proposed use of other methods that would  
47 6 assist the director in arriving at the accurate level of  
47 7 assessment of each class of property in each assessing  
47 8 jurisdiction.

47 9 3. Each county for which a multicounty assessor is  
47 10 appointed pursuant to section 441.6, subsection 2, or section  
47 11 441.16A is considered a separate assessing jurisdiction for  
47 12 purposes of this section.

47 13 Sec. 78. Section 441.54, Code 2009, is amended to read as  
47 14 follows:

47 15 441.54 CONSTRUCTION.

47 16 Whenever in the laws of this state, the words "assessor" or  
47 17 "assessors" appear, singly or in combination with other words,  
47 18 they shall be deemed to mean and refer to the multicounty,  
47 19 county, or city assessor, as the case may be.

47 20 Sec. 79. NEW SECTION. 441.58 CONFIDENTIALITY OF CERTAIN  
47 21 INFORMATION REQUIRED == ASSESSOR AND BOARD OF REVIEW.

47 22 The assessor, the board of review, and the assessment  
47 23 appeal board shall keep confidential any documents, reports,  
47 24 audits, and other information supplied by a taxpayer or  
47 25 property owner relating to the amount or source of income,  
47 26 profits, losses, or expenditures of the taxpayer or property  
47 27 owner, except that such information shall be made available to  
47 28 the taxpayer or property owner or that person's counsel and to  
47 29 the court in case any appeal is taken.

47 30 Sec. 80. Section 441.72, Code 2009, is amended to read as  
47 31 follows:

47 32 441.72 ASSESSMENT OF PLATTED LOTS.

47 33 When a subdivision plat is recorded pursuant to chapter  
47 34 354, the individual lots within the subdivision plat shall not  
47 35 be assessed in excess of the total assessment of the land as  
48 1 acreage or unimproved property for ~~three~~ six years after the  
48 2 recording of the plat or until the lot is actually improved  
48 3 with permanent construction, whichever occurs first. When an  
48 4 individual lot has been improved with permanent construction,  
48 5 the lot shall be assessed for taxation purposes as provided in  
48 6 chapter 428 and this chapter. This section does not apply to  
48 7 special assessment levies.

48 8 Sec. 81. Section 441.73, subsection 4, Code 2009, is  
48 9 amended to read as follows:

48 10 4. ~~The executive council shall transfer for the fiscal~~  
48 11 ~~year beginning July 1, 1992, and each fiscal year thereafter,~~  
48 12 ~~from funds established in sections 425.1 and 426.1, an amount~~  
48 13 ~~necessary to pay litigation expenses. The amount of the fund~~  
48 14 ~~for each fiscal year shall not exceed seven hundred thousand~~  
48 15 ~~dollars. The executive council shall determine annually the~~  
48 16 ~~proportionate amounts to be transferred from the two separate~~  
48 17 ~~funds. At any time when no litigation is pending or in~~  
48 18 ~~progress the balance in the litigation expense fund shall not~~  
48 19 ~~exceed one hundred thousand dollars. Any excess moneys shall~~  
48 20 ~~be transferred in a proportionate amount back to the funds~~  
48 21 ~~from which they were originally transferred.~~

48 22 Sec. 82. Section 443.2, unnumbered paragraph 2, Code 2009,  
48 23 is amended to read as follows:

48 24 The county auditor shall list the aggregate actual value

48 25 and the aggregate taxable value of all taxable property within  
48 26 the county and each political subdivision including property  
48 27 subject to the statewide property tax imposed under section  
48 28 437A.18 on the tax list in order that the actual value of the  
48 29 taxable property within the county or a political subdivision  
48 30 may be ascertained and shown by the tax list for the purpose  
48 31 of computing the debt-incurring capacity of the county or  
48 32 political subdivision. As used in this section, "actual  
48 33 value" is the value determined under section 441.21,  
48 34 subsections 1 to 3, prior to the reduction to a percentage of  
48 35 in actual value as otherwise provided in section 441.21.  
49 1 "Actual value" of property subject to statewide property tax  
49 2 is the assessed value under section 437A.18.  
49 3 Sec. 83. Chapter 405, Code 2009, is repealed.  
49 4 Sec. 84. EFFECTIVE AND APPLICABILITY DATES. Unless  
49 5 otherwise stated, this division of this Act takes effect  
49 6 January 1, 2010, and applies to assessment years beginning on  
49 7 or after that date.

#### 49 8 DIVISION III

#### 49 9 PROPERTY TAX CREDITS AND EXEMPTIONS

49 10 Sec. 85. Section 25B.7, subsection 2, Code 2009, is  
49 11 amended by striking the subsection.  
49 12 Sec. 86. Section 100.18, subsection 2, paragraph b, Code  
49 13 2009, is amended to read as follows:  
49 14 b. The rules shall require the installation of smoke  
49 15 detectors in existing single-family rental units and  
49 16 multiple-unit residential buildings. Existing single-family  
49 17 dwelling units shall be equipped with approved smoke  
49 18 detectors. A person who files for a homestead ~~credit~~  
49 19 exemption pursuant to chapter 425 shall certify that the  
49 20 single-family dwelling unit for which the ~~credit exemption~~ is  
49 21 filed has a smoke detector installed in compliance with this  
49 22 section, or that one will be installed within thirty days of  
49 23 the date the filing for the ~~credit exemption~~ is made. The  
49 24 state fire marshal shall adopt rules and establish appropriate  
49 25 procedures to administer this subsection.

49 26 Sec. 87. Section 216.12, subsection 1, paragraph e, Code  
49 27 2009, is amended to read as follows:

49 28 e. The rental or leasing of a housing accommodation in a  
49 29 building which contains housing accommodations for not more  
49 30 than four families living independently of each other, if the  
49 31 owner resides in one of the housing accommodations for which  
49 32 the owner qualifies for the homestead tax ~~credit exemption~~  
49 33 under section 425.1.

49 34 Sec. 88. Section 331.401, subsection 1, paragraph g, Code  
49 35 2009, is amended by striking the paragraph.

50 1 Sec. 89. Section 331.512, subsection 3, Code 2009, is  
50 2 amended to read as follows:

50 3 3. Carry out duties relating to the homestead tax ~~credit~~  
50 4 ~~and agricultural land tax credit exemptions and the military~~  
50 5 ~~tax exemption~~ as provided in chapters 425 and ~~426 426A~~.

50 6 Sec. 90. Section 331.512, subsection 4, Code 2009, is  
50 7 amended by striking the subsection.

50 8 Sec. 91. Section 331.559, subsections 12, 13, and 14, Code  
50 9 2009, are amended by striking the subsections.

50 10 Sec. 92. Section 404.3, subsection 1, Code 2009, is  
50 11 amended to read as follows:

50 12 1. All qualified real estate assessed as residential  
50 13 property is eligible to receive an exemption from taxation  
50 14 based on the actual value added by the improvements. The  
50 15 exemption is for a period of ten years. The amount of the  
50 16 exemption is equal to a percent of the actual value added by  
50 17 the improvements, determined as follows: One hundred fifteen  
50 18 percent of the value added by the improvements. However, the  
50 19 amount of the actual value added by the improvements which  
50 20 shall be used to compute the exemption shall not exceed twenty  
50 21 thousand dollars and the granting of the exemption shall not  
50 22 result in the actual value of the qualified real estate being  
50 23 reduced below the ~~actual value on which amount of the~~  
50 24 ~~homestead credit is computed exemption~~ under section 425.1.

50 25 Sec. 93. Section 425.1, Code 2009, is amended by striking  
50 26 the section and inserting in lieu thereof the following:

#### 50 27 425.1 HOMESTEAD ASSESSMENT REDUCTION.

50 28 For the assessment year beginning January 1, 2009, and each  
50 29 year thereafter, the actual value at which an eligible  
50 30 homestead is assessed pursuant to section 441.21, subsection  
50 31 4, shall be reduced by five thousand dollars. For the  
50 32 assessment year beginning January 1, 2010, and all subsequent  
50 33 assessment years, the reduction allowed under this part is in  
50 34 addition to the reduction in section 441.21, subsection 4,  
50 35 paragraph "a".

51 1 Sec. 94. Section 425.2, Code 2009, is amended to read as  
51 2 follows:

51 3 425.2 QUALIFYING FOR ~~CREDIT~~ EXEMPTION.

51 4 A person who wishes to qualify for the credit exemption  
51 5 allowed under this chapter shall obtain the appropriate forms  
51 6 for filing for the credit exemption from the assessor. The  
51 7 person claiming the credit exemption shall file a verified  
51 8 statement and designation of homestead with the assessor for  
51 9 the year for which the person is first claiming the credit  
51 10 exemption. The claim shall be filed not later than July 1 of  
51 11 the year for which the person is claiming the credit  
51 12 exemption. A claim filed after July 1 of the year for which  
51 13 the person is claiming the credit exemption shall be  
51 14 considered as a claim filed for the following year.

51 15 Upon the filing and allowance of the claim, the claim shall  
51 16 be allowed on that homestead for successive years without  
51 17 further filing as long as the property is legally or equitably  
51 18 owned and used as a homestead by that person or that person's  
51 19 spouse on July 1 of each of those successive years, and the  
51 20 owner of the property being claimed as a homestead declares  
51 21 residency in Iowa for purposes of income taxation, and the  
51 22 property is occupied by that person or that person's spouse  
51 23 for at least six months in each of those calendar years in  
51 24 which the fiscal year begins. When the property is sold or  
51 25 transferred, the buyer or transferee who wishes to qualify  
51 26 shall refile for the credit exemption. However, when the  
51 27 property is transferred as part of a distribution made  
51 28 pursuant to chapter 598, the transferee who is the spouse  
51 29 retaining ownership of the property is not required to refile  
51 30 for the credit exemption. Property divided pursuant to  
51 31 chapter 598 shall not be modified following the division of  
51 32 the property. An owner who ceases to use a property for a  
51 33 homestead or intends not to use it as a homestead for at least  
51 34 six months in a calendar year shall provide written notice to  
51 35 the assessor by July 1 following the date on which the use is  
52 1 changed. A person who sells or transfers a homestead or the  
52 2 personal representative of a deceased person who had a  
52 3 homestead at the time of death, shall provide written notice  
52 4 to the assessor that the property is no longer the homestead  
52 5 of the former claimant.

52 6 In case the owner of the homestead is in active service in  
52 7 the armed forces of this state or of the United States, or is  
52 8 sixty-five years of age or older, or is disabled, the  
52 9 statement and designation may be signed and delivered by any  
52 10 member of the owner's family, by the owner's guardian or  
52 11 conservator, or by any other person who may represent the  
52 12 owner under power of attorney. If the owner of the homestead  
52 13 is married, the spouse may sign and deliver the statement and  
52 14 designation. The director of human services or the director's  
52 15 designee may make application for the benefits of this chapter  
52 16 as the agent for and on behalf of persons receiving assistance  
52 17 under chapter 249.

52 18 Any person sixty-five years of age or older or any person  
52 19 who is disabled may request, in writing, from the appropriate  
52 20 assessor forms for filing for the homestead tax credit  
52 21 exemption. Any person sixty-five years of age or older or who  
52 22 is disabled may complete the form, which shall include a  
52 23 statement of homestead, and mail or return it to the  
52 24 appropriate assessor. The signature of the claimant on the  
52 25 statement shall be considered the claimant's acknowledgment  
52 26 that all statements and facts entered on the form are correct  
52 27 to the best of the claimant's knowledge.

52 28 Upon adoption of a resolution by the county board of  
52 29 supervisors, any person may request, in writing, from the  
52 30 appropriate assessor forms for the filing for the homestead  
52 31 tax credit exemption. The person may complete the form, which  
52 32 shall include a statement of homestead, and mail or return it  
52 33 to the appropriate assessor. The signature of the claimant on  
52 34 the statement of homestead shall be considered the claimant's  
52 35 acknowledgment that all statements and facts entered on the  
53 1 form are correct to the best of the claimant's knowledge.

53 2 Sec. 95. Section 425.3, unnumbered paragraph 4, Code 2009,  
53 3 is amended to read as follows:

53 4 The county auditor shall forward the claims to the board of  
53 5 supervisors. The board shall allow or disallow the claims.  
53 6 If the board disallows a claim, it shall send written notice,  
53 7 by mail, to the claimant at the claimant's last known address.  
53 8 The notice shall state the reasons for disallowing the claim  
53 9 for the credit exemption. The board is not required to send  
53 10 notice that a claim is disallowed if the claimant voluntarily  
53 11 withdraws the claim.

53 12 Sec. 96. Section 425.6, Code 2009, is amended to read as  
53 13 follows:

53 14 425.6 WAIVER BY NEGLECT.

53 15 If a person fails to file a claim or to have a claim on  
53 16 file with the assessor for the ~~credits exemption~~ provided in  
53 17 this chapter, the person is deemed to have waived the  
53 18 homestead ~~credit exemption~~ for the year in which the person  
53 19 failed to file the claim or to have a claim on file with the  
53 20 assessor.

53 21 Sec. 97. Section 425.7, subsection 3, Code 2009, is  
53 22 amended to read as follows:

53 23 3. If the director of revenue determines that a claim for  
53 24 ~~the homestead credit exemption~~ has been allowed by the board  
53 25 of supervisors which is not justifiable under the law and not  
53 26 substantiated by proper facts, the director may, at any time  
53 27 within thirty-six months from July 1 of the year in which the  
53 28 claim is allowed, set aside the allowance. Notice of the  
53 29 disallowance shall be given to the county auditor of the  
53 30 county in which the claim has been improperly granted and a  
53 31 written notice of the disallowance shall also be addressed to  
53 32 the claimant at the claimant's last known address. The  
53 33 claimant or board of supervisors may appeal to the state board  
53 34 of tax review pursuant to section 421.1, subsection 5. The  
53 35 claimant or the board of supervisors may seek judicial review  
54 1 of the action of the state board of tax review in accordance  
54 2 with chapter 17A.

54 3 If a claim is disallowed by the director of revenue and not  
54 4 appealed to the state board of tax review or appealed to the  
54 5 state board of tax review and thereafter upheld upon final  
54 6 resolution, including any judicial review, ~~any amounts of~~  
~~54 7 credits allowed and paid from the homestead credit fund~~  
~~54 8 including the penalty, if any, the taxes that would have been~~  
~~54 9 due on the disallowed claim, if not otherwise paid, shall~~  
54 10 become a lien upon the property on which ~~credit the exemption~~  
54 11 was originally granted, if still in the hands of the claimant,  
54 12 and not in the hands of a bona fide purchaser, and any amount  
54 13 ~~so erroneously of such taxes not paid~~ including the penalty,  
54 14 if any, shall be collected by the county treasurer in the same  
54 15 manner as other taxes and the collections shall be returned to  
~~54 16 the department of revenue and credited to the homestead credit~~  
~~54 17 fund. The director of revenue may institute legal proceedings~~  
~~54 18 against a homestead credit claimant for the collection of~~  
~~54 19 payments made on disallowed credits and the penalty, if any.~~  
54 20 If a person makes a false claim or affidavit with fraudulent  
54 21 intent to obtain the homestead ~~credit exemption~~, the person is  
54 22 guilty of a fraudulent practice and the claim shall be  
54 23 disallowed in full. ~~If the credit has been paid, the amount~~  
~~54 24 of the credit plus a penalty equal to twenty-five percent of~~  
~~54 25 the amount of credit plus interest, at the rate in effect~~  
~~54 26 under section 421.7, from the time of payment shall be~~  
~~54 27 collected by the county treasurer in the same manner as other~~  
~~54 28 property taxes, penalty, and interest are collected and when~~  
~~54 29 collected shall be paid to the director of revenue. If a~~  
54 30 homestead ~~credit exemption~~ is disallowed and the claimant  
54 31 failed to give written notice to the assessor as required by  
54 32 section 425.2 when the property ceased to be used as a  
54 33 homestead by the claimant, a civil penalty equal to five  
54 34 percent of the amount of the ~~taxes that would have been due on~~  
~~54 35 the disallowed credit exemption~~ is assessed against the

55 1 claimant.

55 2 Sec. 98. Section 425.8, unnumbered paragraph 1, Code 2009,  
55 3 is amended to read as follows:

55 4 The director of revenue shall prescribe the form for the  
55 5 making of verified statement and designation of homestead, the  
55 6 form for the supporting affidavits required herein, and such  
55 7 other forms as may be necessary for the proper administration  
55 8 of this chapter. Whenever necessary, the department of  
55 9 revenue shall forward to the county auditors of the several  
55 10 counties in the state the prescribed sample forms, and the  
55 11 county auditors shall furnish blank forms prepared in  
55 12 accordance therewith with the assessment rolls, books, and  
55 13 supplies delivered to the assessors. The department of  
55 14 revenue shall prescribe and the county auditors shall provide  
55 15 on the forms for claiming the homestead ~~credit exemption~~ a  
55 16 statement to the effect that the owner realizes that the owner  
55 17 must give written notice to the assessor when the owner  
55 18 changes the use of the property.

55 19 Sec. 99. Section 425.9, Code 2009, is amended by striking  
55 20 the section and inserting in lieu thereof the following:

55 21 425.9 EXEMPTION == APPEAL == CREDIT.

55 22 If any claim for exemption made under this chapter has been

55 23 denied by the board of supervisors, and such action is  
55 24 subsequently reversed on appeal, the exemption shall be  
55 25 allowed on the homestead involved in the appeal, and the  
55 26 director of revenue, the county auditor, and the county  
55 27 treasurer shall change their books and records accordingly.  
55 28 If the tax has been levied on the exemption amount of the  
55 29 homestead of the appealing taxpayer or the appealing taxpayer  
55 30 has paid one or both of the installments of the tax payable in  
55 31 the year or years in question on such homestead valuation, a  
55 32 credit for such taxes shall be applied to the property if  
55 33 still in the hands of the claimant.

55 34 Sec. 100. Section 425.10, Code 2009, is amended to read as  
55 35 follows:

56 1 425.10 REVERSAL OF ALLOWED CLAIM.

56 2 In the event any claim is allowed, and subsequently  
56 3 reversed on appeal, any ~~credit exemption~~ made thereunder shall  
56 4 be void, and the amount of ~~such credit the taxes that would~~  
56 5 ~~have been due on the exemption~~ shall be charged against the  
56 6 property in question, and the director of revenue, the county  
56 7 auditor, and the county treasurer are authorized and directed  
56 8 to correct their books and records accordingly. The amount of  
56 9 ~~such taxes due on the erroneous credit exemption~~, when  
56 10 collected, shall be ~~returned distributed~~ by the county  
56 11 treasurer to the ~~homestead credit fund to be reallocated the~~  
56 12 ~~following year as provided herein other jurisdictions in the~~  
56 13 ~~same proportion as the other taxes.~~

56 14 Sec. 101. Section 425.11, subsection 3, paragraph a,  
56 15 unnumbered paragraph 1, Code 2009, is amended to read as  
56 16 follows:

56 17 The homestead includes the dwelling house which the owner,  
56 18 in good faith, is occupying as a home on July 1 of the year  
56 19 for which the ~~credit exemption~~ is claimed and occupies as a  
56 20 home for at least six months during the calendar year in which  
56 21 the fiscal year begins, except as otherwise provided.

56 22 Sec. 102. Section 425.11, subsection 3, paragraph c, Code  
56 23 2009, is amended to read as follows:

56 24 c. It must not embrace more than one dwelling house, but  
56 25 where a homestead has more than one dwelling house situated  
56 26 thereon, the ~~credit exemption~~ provided for in this chapter  
56 27 shall apply to the home and buildings used by the owner, but  
56 28 shall not apply to any other dwelling house and buildings  
56 29 appurtenant.

56 30 Sec. 103. Section 425.11, subsection 4, unnumbered  
56 31 paragraph 1, Code 2009, is amended to read as follows:

56 32 The word "owner" shall mean the person who holds the fee  
56 33 simple title to the homestead, and in addition shall mean the  
56 34 person occupying as a surviving spouse or the person occupying  
56 35 under a contract of purchase which contract has been recorded  
57 1 in the office of the county recorder of the county in which  
57 2 the property is located; or the person occupying the homestead  
57 3 under devise or by operation of the inheritance laws where the  
57 4 whole interest passes or where the divided interest is shared  
57 5 only by persons related or formerly related to each other by  
57 6 blood, marriage or adoption; or the person occupying the  
57 7 homestead is a shareholder of a family farm corporation that  
57 8 owns the property; or the person occupying the homestead under  
57 9 a deed which conveys a divided interest where the divided  
57 10 interest is shared only by persons related or formerly related  
57 11 to each other by blood, marriage or adoption; or where the  
57 12 person occupying the homestead holds a life estate with the  
57 13 reversion interest held by a nonprofit corporation organized  
57 14 under chapter 504, provided that the holder of the life estate  
57 15 is liable for and pays property tax on the homestead; or where  
57 16 the person occupying the homestead holds an interest in a  
57 17 horizontal property regime under chapter 499B, regardless of  
57 18 whether the underlying land committed to the horizontal  
57 19 property regime is in fee or as a leasehold interest, provided  
57 20 that the holder of the interest in the horizontal property  
57 21 regime is liable for and pays property tax on the homestead;  
57 22 or where the person occupying the homestead is a member of a  
57 23 community land trust as defined in 42 U.S.C. } 12773,  
57 24 regardless of whether the underlying land is in fee or as a  
57 25 leasehold interest, provided that the member of the community  
57 26 land trust is occupying the homestead and is liable for and  
57 27 pays property tax on the homestead. For the purpose of this  
57 28 chapter the word "owner" shall be construed to mean a bona  
57 29 fide owner and not one for the purpose only of availing the  
57 30 person of the benefits of this chapter. In order to qualify  
57 31 for the homestead tax ~~credit exemption~~, evidence of ownership  
57 32 shall be on file in the office of the clerk of the district  
57 33 court or recorded in the office of the county recorder at the

57 34 time the owner files with the assessor a verified statement of  
57 35 the homestead claimed by the owner as provided in section  
58 1 425.2.

58 2 Sec. 104. Section 425.12, Code 2009, is amended to read as  
58 3 follows:

58 4 425.12 INDIAN LAND.

58 5 Each forty acres of land, or fraction thereof, occupied by  
58 6 a member or members of the Sac and Fox Indians in Tama county,  
58 7 which land is held in trust by the secretary of the interior  
58 8 of the United States for said Indians, shall be given a  
58 9 homestead tax ~~credit exemption~~ within the meaning and under  
58 10 the provisions of this chapter. Application for such  
58 11 homestead tax ~~credit exemption~~ shall be made to the county  
58 12 auditor of Tama county and may be made by a representative of  
58 13 the tribal council.

58 14 Sec. 105. Section 425.13, Code 2009, is amended to read as  
58 15 follows:

58 16 425.13 CONSPIRACY TO DEFRAUD.

58 17 If any two or more persons conspire and confederate  
58 18 together with fraudulent intent to obtain the ~~credit exemption~~  
58 19 provided for under the terms of this chapter by making a false  
58 20 deed, or a false contract of purchase, they are guilty of a  
58 21 fraudulent practice.

58 22 Sec. 106. Section 425.15, Code 2009, is amended to read as  
58 23 follows:

58 24 425.15 DISABLED VETERAN TAX ~~CREDIT~~ EXEMPTION.

58 25 If the owner of a homestead allowed ~~a credit an exemption~~  
58 26 under this chapter is a veteran of any of the military forces  
58 27 of the United States, who acquired the homestead under 38  
58 28 U.S.C. } 21.801, 21.802, prior to August 6, 1991, or 38 U.S.C.  
58 29 } 2101, 2102, the ~~credit exemption~~ allowed on the homestead  
58 30 ~~from the homestead credit fund~~ shall be the entire amount of  
58 31 the ~~tax levied assessed value~~ on the homestead. The ~~credit~~  
58 32 ~~exemption~~ allowed shall be continued to the estate of a  
58 33 veteran who is deceased or the surviving spouse and any child,  
58 34 as defined in section 234.1, who are the beneficiaries of a  
58 35 deceased veteran, so long as the surviving spouse remains  
59 1 unmarried. This section is not applicable to the holder of  
59 2 title to any homestead whose annual income, together with that  
59 3 of the titleholder's spouse, if any, for the last preceding  
59 4 twelve-month income tax accounting period exceeds thirty-five  
59 5 thousand dollars. For the purpose of this section "income"  
59 6 means taxable income for federal income tax purposes plus  
59 7 income from securities of state and other political  
59 8 subdivisions exempt from federal income tax. A veteran or a  
59 9 beneficiary of a veteran who elects to secure the ~~credit~~  
59 10 ~~exemption~~ provided in this section is not eligible for any  
59 11 other real property tax exemption provided by law for veterans  
59 12 of military service. If a veteran acquires a different  
59 13 homestead, the ~~credit exemption~~ allowed under this section may  
59 14 be claimed on the new homestead unless the veteran fails to  
59 15 meet the other requirements of this section.

59 16 Sec. 107. Section 425.16, Code 2009, is amended to read as  
59 17 follows:

59 18 425.16 ADDITIONAL TAX ~~CREDIT~~ EXEMPTION.

59 19 In addition to the homestead tax ~~credit exemption~~ allowed  
59 20 under section 425.1, ~~subsections 1 to 4~~, persons who own ~~or~~  
59 21 ~~rent~~ their homesteads and who meet the qualifications provided  
59 22 in this division are eligible for an extraordinary property  
59 23 tax ~~credit or reimbursement exemption~~.

59 24 For the assessment year beginning January 1, 2010, and each  
59 25 year thereafter, the actual value at which an eligible

59 26 homestead under this part is assessed pursuant to section  
59 27 441.21 shall be reduced by two thousand five hundred dollars.

59 28 The reduction allowed under this division is in addition to  
59 29 the reduction in section 425.1 and, for the assessment year

59 30 beginning January 1, 2010, and all subsequent assessment  
59 31 years, section 441.21, subsection 4, paragraph "a".

59 32 Sec. 108. Section 425.17, subsection 2, Code 2009, is  
59 33 amended to read as follows:

59 34 2. "Claimant" means either of the following:

59 35 a. A person filing a claim for ~~credit or reimbursement~~  
60 1 ~~exemption~~ under this division who has attained the age of  
60 2 sixty-five years on or before December 31 of the base year or  
60 3 who is totally disabled and was totally disabled on or before  
60 4 December 31 of the base year and is domiciled in this state at  
60 5 the time the claim is filed or at the time of the person's  
60 6 death in the case of a claim filed by the executor or  
60 7 administrator of the claimant's estate and whose income in the  
60 8 base year was less than sixteen thousand five hundred dollars.

60 9 b. A person filing a claim for ~~credit or reimbursement~~

60 10 exemption under this division who has attained the age of  
60 11 twenty-three years on or before December 31 of the base year  
60 12 or was a head of household on December 31 of the base year, as  
60 13 defined in the Internal Revenue Code, but has not attained the  
60 14 age or disability status described in paragraph "a", and is  
60 15 domiciled in this state at the time the claim is filed or at  
60 16 the time of the person's death in the case of a claim filed by  
60 17 the executor or administrator of the claimant's estate, and  
60 18 was not claimed as a dependent on any other person's tax  
60 19 return for the base year and whose income in the base year was  
60 20 less than sixteen thousand five hundred dollars.

60 21 "Claimant" under paragraph "a" or "b" includes a vendee in  
60 22 possession under a contract for deed and may include one or  
60 23 more joint tenants or tenants in common. ~~In the case of a~~  
~~60 24 claim for rent constituting property taxes paid, the claimant~~  
~~60 25 shall have rented the property during any part of the base~~  
~~60 26 year. In the case of a claim for property taxes due, the~~ The  
60 27 claimant shall have occupied the property during any part of  
60 28 the fiscal year beginning July 1 of the base year. If a  
60 29 homestead is occupied by two or more persons, and more than  
60 30 one person is able to qualify as a claimant, the persons may  
60 31 each file a claim based upon each person's income ~~and rent~~  
~~60 32 constituting property taxes paid or property taxes due.~~

60 33 Sec. 109. Section 425.17, subsection 3, Code 2009, is  
60 34 amended by striking the subsection.

60 35 Sec. 110. Section 425.17, subsection 4, Code 2009, is  
61 1 amended to read as follows:

61 2 4. "Homestead" means the dwelling owned ~~or rented~~ and  
61 3 actually used as a home by the claimant during the period  
61 4 specified in subsection 2, and so much of the land surrounding  
61 5 it including one or more contiguous lots or tracts of land, as  
61 6 is reasonably necessary for use of the dwelling as a home, and  
61 7 may consist of a part of a multidwelling or multipurpose  
61 8 building and a part of the land upon which it is built. It  
61 9 does not include personal property except that a manufactured  
61 10 or mobile home may be a homestead. ~~Any dwelling or a part of~~  
~~61 11 a multidwelling or multipurpose building which is exempt from~~  
~~61 12 taxation does not qualify as a homestead under this division.~~  
~~61 13 However, solely for purposes of claimants living in a property~~  
~~61 14 and receiving reimbursement for rent constituting property~~  
~~61 15 taxes paid immediately before the property becomes tax exempt,~~  
~~61 16 and continuing to live in it after it becomes tax exempt, the~~  
~~61 17 property shall continue to be classified as a homestead. A~~  
61 18 homestead must be located in this state. When a person is  
61 19 confined in a nursing home, extended-care facility, or  
61 20 hospital, the person shall be considered as occupying or  
61 21 living in the person's homestead if the person is the owner of  
61 22 the homestead and the person maintains the homestead and does  
61 23 not lease, rent, or otherwise receive profits from other  
61 24 persons for the use of the homestead.

61 25 Sec. 111. Section 425.17, subsections 8 and 9, Code 2009,  
61 26 are amended by striking the subsections.

61 27 Sec. 112. Section 425.18, Code 2009, is amended to read as  
61 28 follows:

61 29 425.18 RIGHT TO FILE A CLAIM.

61 30 The right to file a claim for ~~reimbursement or credit~~  
61 31 exemption under this division may be exercised by the claimant  
61 32 or on behalf of a claimant by the claimant's legal guardian,  
61 33 spouse, or attorney, or by the executor or administrator of  
61 34 the claimant's estate. ~~If a claimant dies after having filed~~  
~~61 35 a claim for reimbursement for rent constituting property taxes~~  
~~62 1 paid, the amount of the reimbursement may be paid to another~~  
~~62 2 member of the household as determined by the director. If the~~  
~~62 3 claimant was the only member of the household, the~~  
~~62 4 reimbursement may be paid to the claimant's executor or~~  
~~62 5 administrator, but if neither is appointed and qualified~~  
~~62 6 within one year from the date of the filing of the claim, the~~  
~~62 7 reimbursement shall escheat to the state. If a claimant dies~~  
62 8 after having filed a claim for ~~credit for property taxes due~~  
62 9 exemption, the amount of ~~credit~~ the exemption shall be paid  
62 10 allowed as if the claimant had not died.

62 11 Sec. 113. Section 425.19, Code 2009, is amended to read as  
62 12 follows:

62 13 425.19 CLAIM AND CREDIT OR REIMBURSEMENT EXEMPTION.

62 14 Subject to the limitations provided in this division, a  
62 15 claimant may annually claim ~~a credit for property taxes due~~ an  
~~62 16 exemption~~ during the fiscal year next following the base year  
~~62 17 or claim a reimbursement for rent constituting property taxes~~  
~~62 18 paid in the base year. The amount of the credit for property~~  
~~62 19 taxes due for a homestead shall be paid on June 15 of each~~  
~~62 20 year by the director to the county treasurer who shall credit~~

~~62 21 the money received against the amount of the property taxes  
62 22 due and payable on the homestead of the claimant and the  
62 23 amount of the reimbursement for rent constituting property  
62 24 taxes paid shall be paid to the claimant from the state  
62 25 general fund on or before December 31 of each year.~~

62 26 Sec. 114. Section 425.20, unnumbered paragraph 1, Code  
62 27 2009, is amended by striking the unnumbered paragraph.  
62 28 Sec. 115. Section 425.20, unnumbered paragraphs 2 and 3,  
62 29 Code 2009, are amended to read as follows:

62 30 1. A claim for ~~credit for property taxes due~~ exemption  
62 31 shall not be ~~paid or~~ allowed unless the claim is filed with  
62 32 the county treasurer between January 1 and June 1, both dates  
62 33 inclusive, immediately preceding the fiscal year during which  
62 34 the property taxes are due. However, in case of sickness,  
62 35 absence, or other disability of the claimant, or if in the  
63 1 judgment of the county treasurer good cause exists, the county  
63 2 treasurer may extend the time for filing a claim for ~~credit~~  
63 3 exemption through September 30 of the same calendar year. ~~The~~  
~~63 4 county treasurer shall certify to the director of revenue on~~  
~~63 5 or before May 1 of each year the total amount of dollars due~~  
~~63 6 for claims allowed.~~

63 7 2. In case of sickness, absence, or other disability of  
63 8 the claimant or if, in the judgment of the director of  
63 9 revenue, good cause exists and the claimant requests an  
63 10 extension, the director may extend the time for filing a claim  
63 11 for ~~reimbursement or credit~~ exemption. However, any further  
63 12 time granted shall not extend beyond December 31 of the year  
63 13 following the year in which the claim was required to be  
63 14 filed. Claims filed as a result of this paragraph shall be  
63 15 filed with the director who shall provide for the  
63 16 reimbursement of the claim to the claimant.

63 17 Sec. 116. Section 425.22, Code 2009, is amended to read as  
63 18 follows:

63 19 425.22 ONE CLAIMANT PER HOUSEHOLD.

~~63 20 Only one claimant per household per year shall be entitled~~  
~~63 21 to reimbursement under this division and only one claimant per~~  
~~63 22 household per fiscal year shall be entitled to a credit an~~  
63 23 exemption under this division.

63 24 Sec. 117. Section 425.23, Code 2009, is amended by  
63 25 striking the section and inserting in lieu thereof the  
63 26 following:

63 27 425.23 ANNUAL ADJUSTMENT TO INCOME.

63 28 1. For the base year beginning in the 2010 calendar year  
63 29 and for each subsequent base year, the dollar amounts set  
63 30 forth in section 425.17, subsection 2, shall be multiplied by  
63 31 the cumulative adjustment factor for that base year.  
63 32 "Cumulative adjustment factor" means the product of the annual  
63 33 adjustment factor for the 2009 base year and all annual  
63 34 adjustment factors for subsequent base years. The cumulative  
63 35 adjustment factor applies to the base year beginning in the  
64 1 calendar year for which the latest annual adjustment factor  
64 2 has been determined.

64 3 2. The annual adjustment factor for the 2009 base year is  
64 4 one hundred percent. For each subsequent base year, the  
64 5 annual adjustment factor equals the annual inflation factor  
64 6 for the calendar year, in which the base year begins, as  
64 7 computed in section 422.4 for purposes of the individual  
64 8 income tax.

64 9 Sec. 118. Section 425.26, subsections 2 and 3, Code 2009,  
64 10 are amended by striking the subsections.

64 11 Sec. 119. Section 425.27, Code 2009, is amended to read as  
64 12 follows:

64 13 425.27 AUDIT == RECALCULATION OR DENIAL.

~~64 14 If on the audit of a claim for credit or reimbursement~~  
~~64 15 exemption under this division, the director determines the~~  
~~64 16 amount of the claim to have been incorrectly calculated or~~  
~~64 17 that the claim is not allowable, the director shall~~  
64 18 recalculate the claim and notify the claimant of the  
64 19 recalculation or denial and the reasons for it. The director  
64 20 shall not adjust a claim after three years from October 31 of  
64 21 the year in which the claim was filed. ~~If the claim for~~  
~~64 22 reimbursement has been paid, the amount may be recovered by~~  
~~64 23 assessment in the same manner that income taxes are assessed~~  
~~64 24 under sections 422.26 and 422.30.~~ If the claim for credit  
64 25 exemption has been ~~paid~~ allowed, the director shall give  
64 26 notification to the claimant and the county treasurer of the  
64 27 ~~recalculation or denial of the claim and the county treasurer~~  
64 28 shall proceed to collect the tax owed in the same manner as  
64 29 other property taxes due and payable are collected, if the  
64 30 property on which the credit exemption was granted is still  
64 31 owned by the claimant, ~~and repay the amount to the director~~

~~64 32 upon collection. If the property on which the credit~~  
64 33 exemption was granted is not owned by the claimant, the amount  
64 34 may be recovered from the claimant by assessment in the same  
64 35 manner that income taxes are assessed under sections 422.26  
65 1 and 422.30. The recalculation of ~~the claim~~ property taxes due  
65 2 shall be final unless appealed as provided in section 425.31.  
65 3 Section 422.70 is applicable with respect to this division.  
65 4 Sec. 120. Section 425.28, unnumbered paragraph 2, Code  
65 5 2009, is amended to read as follows:

65 6 The department of revenue may release information  
65 7 pertaining to a person's eligibility ~~or claim for or receipt~~  
~~65 8 of rent reimbursement~~ to an employee of the department of  
65 9 inspections and appeals in the employee's official conduct of  
65 10 an audit or investigation.

65 11 Sec. 121. Section 425.29, Code 2009, is amended to read as  
65 12 follows:

65 13 425.29 FALSE CLAIM == PENALTY.  
65 14 A person who makes a false affidavit for the purpose of  
65 15 obtaining ~~credit or reimbursement~~ an exemption provided for in  
65 16 this division or who knowingly receives the ~~credit or~~  
~~65 17 reimbursement exemption~~ exemption without being legally entitled to it  
65 18 or makes claim for the ~~credit or reimbursement exemption~~ in  
65 19 more than one county in the state without being legally  
65 20 entitled to it is guilty of a fraudulent practice. The claim  
65 21 for ~~credit or reimbursement exemption~~ shall be disallowed in  
65 22 full and if the claim reduction in value has been paid made,  
65 23 the amount of the exemption credited as taxes shall be  
65 24 recovered in the manner provided in section 425.27. The  
65 25 director of revenue shall send a notice of disallowance of the  
65 26 claim.

65 27 Sec. 122. Section 425.32, Code 2009, is amended to read as  
65 28 follows:

65 29 425.32 DISALLOWANCE OF CERTAIN CLAIMS.  
65 30 A claim for ~~credit exemption~~ shall be disallowed if the  
65 31 department finds that the claimant or a person of the  
65 32 claimant's household received title to the homestead  
65 33 primarily for the purpose of receiving benefits under this  
65 34 division.

65 35 Sec. 123. Section 426A.6, Code 2009, is amended to read as  
66 1 follows:

66 2 426A.6 SETTING ASIDE ALLOWANCE.  
66 3 If the director of revenue determines that a claim for  
66 4 military service tax exemption has been allowed by a board of  
66 5 supervisors which is not justifiable under the law and not  
66 6 substantiated by proper facts, the director may, at any time  
66 7 within thirty=six months from July 1 of the year in which the  
66 8 claim is allowed, set aside the allowance. Notice of the  
66 9 disallowance shall be given to the county auditor of the  
66 10 county in which the claim has been improperly granted and a  
66 11 written notice of the disallowance shall also be addressed to  
66 12 the claimant at the claimant's last known address. The  
66 13 claimant or the board of supervisors may appeal to the state  
66 14 board of tax review pursuant to section 421.1, subsection 5.  
66 15 The claimant or the board of supervisors may seek judicial  
66 16 review of the action of the state board of tax review in  
66 17 accordance with chapter 17A. If a claim is disallowed by the  
66 18 director of revenue and not appealed to the state board of tax  
66 19 review or appealed to the state board of tax review and  
66 20 thereafter upheld upon final resolution, including judicial  
66 21 review, ~~the credits allowed and paid from the general fund of~~  
~~66 22 the state the taxes that would have been due on the disallowed~~  
66 23 claim, if not otherwise paid, shall become a lien upon the  
66 24 property on which the credit exemption was originally granted,  
66 25 if still in the hands of the claimant and not in the hands of  
66 26 a bona fide purchaser, and the amount so erroneously of such  
66 27 taxes not paid shall be collected by the county treasurer in  
66 28 the same manner as other taxes, and the collections shall be  
~~66 29 returned to the department of revenue and credited to the~~  
~~66 30 general fund of the state. The director of revenue county~~  
66 31 attorney may institute legal proceedings against a military  
66 32 service tax exemption claimant for the collection of ~~payments~~  
~~66 33 made taxes due~~ on disallowed exemptions.

66 34 Sec. 124. Section 426A.8, Code 2009, is amended by  
66 35 striking the section and inserting in lieu thereof the  
67 1 following:

67 2 426A.8 APPEALS.  
67 3 If any claim for exemption made has been denied by the  
67 4 board of supervisors, and the action is subsequently reversed  
67 5 on appeal, the exemption shall be allowed on the assessed  
67 6 valuation, and the county auditor and the county treasurer  
67 7 shall change their books and records accordingly.

67 8 If the appealing taxpayer has paid one or both of the  
67 9 installments of the tax payable in the year or years in  
67 10 question on such military service tax exemption valuation, a  
67 11 credit for such taxes shall be applied to the property if  
67 12 still in the hands of the claimant.

67 13 Sec. 125. Section 426A.9, Code 2009, is amended to read as  
67 14 follows:

67 15 426A.9 ~~ERRONEOUS CREDITS EXEMPTIONS.~~

67 16 If any claim is allowed, and subsequently reversed on  
67 17 appeal, any ~~credit exemption~~ shall be void, and the amount of  
67 18 the ~~credit taxes that would have been due on the exemption~~  
67 19 shall be charged against the property in question, and the  
67 20 ~~director of revenue, the~~ county auditor and the county  
67 21 treasurer shall correct their books and records. The amount  
67 22 of ~~taxes due on the erroneous credit exemption~~, when  
67 23 collected, shall be ~~returned distributed~~ by the county  
67 24 treasurer to the ~~general fund of the state other jurisdictions~~  
67 25 ~~in the same proportion as the other taxes.~~

67 26 Sec. 126. Section 426A.11, subsection 2, Code 2009, is  
67 27 amended to read as follows:

67 28 2. The property, not to exceed ~~one two thousand eight~~  
67 29 ~~hundred fifty-two~~ dollars in taxable value of an honorably  
67 30 separated, retired, furloughed to a reserve, placed on  
67 31 inactive status, or discharged veteran, as defined in section  
67 32 35.1.

67 33 Sec. 127. Section 427.1, subsection 19, paragraph a,  
67 34 subparagraph (2), Code 2009, is amended to read as follows:

67 35 (2) This exemption shall be limited to the market value,  
68 1 as defined in section 441.21, of the pollution-control or  
68 2 recycling property. If the pollution-control or recycling  
68 3 property is assessed with other property as a unit, this  
68 4 exemption shall be limited to the net market value added by  
68 5 the pollution-control or recycling property, determined as of  
68 6 the assessment date. However, for pollution-control exemption  
68 7 on file as of July 1, 2010, or first applied for on or after  
68 8 July 1, 2010, the exemption is limited to one hundred thousand  
68 9 dollars of market value.

68 10 Sec. 128. Section 427.9, Code 2009, is amended to read as  
68 11 follows:

68 12 427.9 SUSPENSION OF TAXES, ASSESSMENTS, AND RATES OR  
68 13 CHARGES, INCLUDING INTEREST, FEES, AND COSTS.

68 14 If a person is a recipient of federal supplementary  
68 15 security income or state supplementary assistance, as defined  
68 16 in section 249.1, or is a resident of a health care facility,  
68 17 as defined by section 135C.1, which is receiving payment from  
68 18 the department of human services for the person's care, the  
68 19 person shall be deemed to be unable to contribute to the  
68 20 public revenue. The director of human services shall notify a  
68 21 person receiving such assistance of the tax suspension  
68 22 provision and shall provide the person with evidence to  
68 23 present to the appropriate county board of supervisors which  
68 24 shows the person's eligibility for tax suspension on parcels  
68 25 owned, possessed, or upon which the person is paying taxes as  
68 26 a purchaser under contract. The board of supervisors so  
68 27 notified, without the filing of a petition and statement as  
68 28 specified in section 427.8, shall order the county treasurer  
68 29 to suspend the collection of all the taxes, special  
68 30 assessments, and rates or charges, including interest, fees,  
68 31 and costs, assessed against the parcels and remaining unpaid  
68 32 by the person or contractually payable by the person, for such  
68 33 time as the person remains the owner or contractually  
68 34 prospective owner of the parcels, and during the period the  
68 35 person receives assistance as described in this section. The  
69 1 county board of supervisors shall annually send to the  
69 2 department of human services the names and social security  
69 3 numbers of persons receiving a tax suspension pursuant to this  
69 4 section. The department shall verify the continued  
69 5 eligibility for tax suspension of each name on the list and  
69 6 shall return the list to the board of supervisors. The  
69 7 director of human services shall advise the person that the  
69 8 person may apply for an additional property tax credit  
69 9 pursuant to sections 425.16 ~~to 425.39~~ through 425.37 which  
69 10 shall be credited against the amount of the taxes suspended.

69 11 Sec. 128. Section 427C.12, unnumbered paragraph 2, Code  
69 12 2009, is amended to read as follows:

69 13 The board of supervisors shall designate the county  
69 14 conservation board or the assessor who shall inspect the area  
69 15 for which an application is filed for a fruit-tree or forest  
69 16 reservation tax exemption before the application is accepted.  
69 17 Use of aerial photographs may be substituted for on-site  
69 18 inspection when appropriate. The application can only be

69 19 accepted if it meets the criteria established by the natural  
69 20 resource commission to be a fruit-tree or forest reservation.  
69 21 Once the application has been accepted, the area shall  
69 22 continue to receive the tax exemption during each year in  
69 23 which the area is maintained as a fruit-tree or forest  
69 24 reservation without the owner having to refile. If accepted  
69 25 by the county, the application for a fruit-tree or forest  
69 26 reservation tax exemption shall be stamped approved and the  
69 27 assessor shall forward a copy of the application to the  
69 28 recorder for recording. Acres in a forest reservation shall  
69 29 be exempt from school district levies only. The county  
69 30 recorder shall collect recording fees pursuant to chapter 331,  
69 31 division V, part 3, for applications forwarded for recording  
69 32 under this section.

69 33 PARAGRAPH DIVIDED. If the property is sold or transferred,  
69 34 the seller shall notify the buyer that all, or part of, the  
69 35 property is in fruit-tree or forest reservation and subject to  
70 1 the recapture tax provisions of this section. The tax  
70 2 exemption shall continue to be granted for the remainder of  
70 3 the eight-year period for fruit-tree reservation and for the  
70 4 following years for forest reservation or until the property  
70 5 no longer qualifies as a fruit-tree or forest reservation.  
70 6 The owner of the fruit-tree or forest reservation shall  
70 7 annually certify to the county conservation board or the  
70 8 assessor that the area is being maintained with proper fruit-  
70 9 tree or forest management, including necessary pruning and  
70 10 planting of trees. The area may be inspected each year by the  
70 11 county conservation board or the assessor to determine if the  
70 12 area is maintained as a fruit-tree or forest reservation. If  
70 13 the area is not maintained or is used for economic gain other  
70 14 than as a fruit-tree reservation during any year of the  
70 15 eight-year exemption period and any year of the following five  
70 16 years or as a forest reservation during any year for which the  
70 17 exemption is granted and any of the five years following those  
70 18 exemption years, the assessor shall assess the property for  
70 19 taxation at its fair market value as of January 1 of that year  
70 20 and in addition the area shall be subject to a recapture tax.  
70 21 However, the area shall not be subject to the recapture tax if  
70 22 the owner, including one possessing under a contract of sale,  
70 23 and the owner's direct antecedents or descendants have owned  
70 24 the area for more than ten years. The In the case of a  
70 25 fruit-tree reservation, the tax shall be computed by  
70 26 multiplying the consolidated levy for each of those years, if  
70 27 any, of the five preceding years for which the area received  
70 28 the exemption for fruit-tree or forest reservation times the  
70 29 assessed value of the area that would have been taxed but for  
70 30 the tax exemption. This In the case of a forest reservation,  
70 31 the tax shall be computed by multiplying the school district  
70 32 levy for each of those years, if any, of the five preceding  
70 33 years for which the area received the exemption for forest  
70 34 reservation times the assessed value of the area that would  
70 35 have been taxed but for the tax exemption. The tax shall be  
71 1 entered against the property on the tax list for the current  
71 2 year and shall constitute a lien against the property in the  
71 3 same manner as a lien for property taxes. The tax when  
71 4 collected shall be apportioned in the manner provided for the  
71 5 apportionment of the property taxes for the applicable tax  
71 6 year.

71 7 Sec. 129. Section 441.22, Code 2009, is amended to read as  
71 8 follows:

71 9 441.22 FOREST AND FRUIT-TREE RESERVATIONS.

71 10 Forest and fruit-tree reservations fulfilling the  
71 11 conditions of sections 427C.1 to 427C.13 shall be exempt from  
71 12 taxation, except as otherwise provided in section 427C.12. In  
71 13 all other cases where trees are planted upon any tract of  
71 14 land, without regard to area, for forest, fruit, shade, or  
71 15 ornamental purposes, or for windbreaks, the assessor shall not  
71 16 increase the valuation of the property because of such  
71 17 improvements.

71 18 Sec. 130. Section 499A.14, Code 2009, is amended to read  
71 19 as follows:

71 20 499A.14 TAXATION.

71 21 The real estate shall be taxed in the name of the  
71 22 cooperative, and each member of the cooperative shall pay that  
71 23 member's proportionate share of the tax in accordance with the  
71 24 proration formula set forth in the bylaws, and each member  
71 25 occupying an apartment as a residence, if eligible, shall  
71 26 receive that member's proportionate homestead tax ~~credit~~  
71 27 exemption and each veteran of the military services of the  
71 28 United States identified as such under the laws of the state  
71 29 of Iowa or the United States shall receive as ~~a credit an~~

71 30 exemption that member's veterans tax benefit as prescribed by  
71 31 the laws of the state of Iowa.

71 32 Sec. 131. Chapters 425A and 426, Code 2009, are repealed.

71 33 Sec. 132. Sections 425.4, 425.21, 425.24, 425.25, 425.33  
71 34 through 425.36, 425.39, 425.40, 426A.1A through 426A.5, and  
71 35 435.33, Code 2009, are repealed.

72 1 Sec. 133. EXEMPTIONS NOT CONSIDERED NEWLY ENACTED. The  
72 2 homestead property tax exemption, extraordinary homestead  
72 3 property tax exemption, and the military property tax  
72 4 exemption are not considered newly enacted after January 1,  
72 5 1997, for purposes of section 25B.7.

72 6 Sec. 134. CODE EDITOR DIRECTIVE. The Code editor is  
72 7 directed to change the term "credit" to "exemption" anywhere  
72 8 it occurs in the Code in reference to the homestead credit.  
72 9 The Code editor is further directed to change the terms  
72 10 "credit" and "credit or reimbursement" to "exemption" anywhere  
72 11 those terms occur in the Code in reference to the  
72 12 extraordinary property tax credit or reimbursement.

72 13 Sec. 135. EFFECTIVE AND APPLICABILITY DATES.

72 14 1. Unless otherwise stated, this division of this Act  
72 15 takes effect January 1, 2010, and, except as provided in  
72 16 subsections 2 and 3, applies to assessment years beginning on  
72 17 or after that date.

72 18 2. The sections of this Act repealing chapters 425A and  
72 19 426, and amending sections in chapters 425 and 426A, apply to  
72 20 taxes due and payable in fiscal years beginning on or after  
72 21 July 1, 2010.

72 22 3. The section of this Act amending section 427.1,  
72 23 subsection 19, applies to exemptions on file or first applied  
72 24 for on or after July 1, 2010.

72 25 DIVISION IV  
72 26 IMPLEMENTATION

72 27 Sec. 136. On or before July 1, 2009, the department of  
72 28 revenue, in conjunction with the department of management,  
72 29 shall initiate and coordinate the establishment of an  
72 30 implementation committee. Both the department of revenue and  
72 31 the department of management shall provide staffing assistance  
72 32 to the committee.

72 33 The committee shall include members appointed by the  
72 34 director of revenue representing the department of revenue,  
72 35 the department of management, the department of education,  
73 1 counties, cities, school districts, local assessors, and local  
73 2 auditors.

73 3 The committee shall study the effects of implementation of  
73 4 divisions I, II, and III of this Act. The committee shall  
73 5 prepare a fiscal analysis detailing the effects of  
73 6 implementation on different classes of property and on  
73 7 different property taxpayers and the effect on city and county  
73 8 revenues, school district revenues, and other local government  
73 9 revenues. The fiscal analysis shall include a comparison of  
73 10 property taxes levied by cities and counties under the current  
73 11 system and property taxes that could be levied under the  
73 12 provisions of this Act. The comparison shall include  
73 13 projections beyond the current fiscal year.

73 14 The committee shall recommend adjustments to the property  
73 15 tax levy portion of the school foundation formula that will  
73 16 take into account the increased property tax valuation base  
73 17 created by this Act and the increased state percentage of  
73 18 school foundation funding provided in this Act.

73 19 The committee shall consider, and make recommendations on,  
73 20 the conversion of all property tax certifying entities to a  
73 21 percentage limit basis as is provided in this Act for cities  
73 22 and counties, and partially for school districts. The  
73 23 committee shall recommend percentage rates for cities,  
73 24 counties, school districts, and other local governments that  
73 25 are as nearly as possible revenue neutral.

73 26 The committee shall report to the general assembly by  
73 27 January 15, 2010, and by January 15, 2011.

73 28 Sec. 137. CONFORMING AMENDMENTS LEGISLATION. If this Act  
73 29 is enacted, the legislative services agency shall prepare  
73 30 committee study bills for submission in the 2010 regular  
73 31 session of the Eighty-third General Assembly to the committees  
73 32 on ways and means of the senate and house of representatives  
73 33 to amend the Code of Iowa as necessary to implement this Act.  
73 34 The provisions of the bill shall include but are not limited  
73 35 to repealing or amending Code provisions that are rendered  
74 1 obsolete, incorrect, or inaccurate as a result of the passage  
74 2 of this Act, and making other conforming amendments as  
74 3 necessary.

74 4 Sec. 138. EFFECTIVE DATE. This division of this Act,  
74 5 being deemed of immediate importance, takes effect upon

74 6 enactment.

74 7 EXPLANATION

74 8 This bill makes various changes to the law relating to  
74 9 property taxes, assessment of property, city and county  
74 10 budgets funded primarily by property taxes, and school  
74 11 district budgets funded primarily by state and local taxes.

74 12 Division I of the bill makes changes relating to local  
74 13 budgets and property taxes. The division provides that if a  
74 14 new state mandate is imposed on or after July 1, 2010, which  
74 15 requires the performance of a new activity or service or the  
74 16 expansion of a service beyond what was required before July 1,  
74 17 2010, the state mandate must be fully funded. If the state  
74 18 mandate is not fully funded, the affected political  
74 19 subdivisions are not required to comply or implement the state  
74 20 mandate. Also, no fines or penalties may be imposed on a  
74 21 political subdivision for failure to comply or carry out an  
74 22 unfunded state mandate.

74 23 The division strikes Code section 25B.2, subsection 3, and  
74 24 rewrites it as a new section outside the intent section of  
74 25 Code chapter 25B. The rewritten section removes a qualifying  
74 26 phrase relating to specification of costs which provides that  
74 27 a political subdivision may still be required to carry out an  
74 28 unfunded state mandate. The rewritten section also strikes  
74 29 the exception for federal mandates and for mandates relating  
74 30 to public retirement systems. The rewritten section does not  
74 31 include area education agencies and community colleges in the  
74 32 definition of "political subdivision".

74 33 The division increases the regular program foundation base  
74 34 per pupil from 87.5 percent to 95 percent, beginning with the  
74 35 budget year commencing July 1, 2011, to offset the increase in  
75 1 school property taxes due to the changed method of assessment.

75 2 The division reduces the \$5.40 foundation levy to \$4.32.  
75 3 The division provides that, beginning with the fiscal year  
75 4 beginning July 1, 2011, a school district cannot levy property  
75 5 taxes, other than foundation and additional property taxes, in  
75 6 excess of .25 percent of the taxable value of residential and  
75 7 agricultural property and .75 percent of commercial property  
75 8 and .5 percent of industrial property. The division contains  
75 9 transition provisions for tax levies for fiscal year 2011=  
75 10 2012, fiscal year 2012=2013, and fiscal year 2013=2014. The  
75 11 division also provides that for the fiscal year beginning July  
75 12 1, 2014, and subsequent fiscal years, such school district  
75 13 property taxes by class cannot increase by more than the  
75 14 percent increase in the consumer price index for the preceding  
75 15 12 months.

75 16 The division provides that, beginning with the fiscal year  
75 17 beginning July 1, 2011, a county cannot levy property taxes in  
75 18 excess of the following percentages:

75 19 For residential property in the unincorporated area, 1  
75 20 percent of the taxable value.

75 21 For income residential property in the unincorporated area,  
75 22 one-half of 1 percent.

75 23 For agricultural property in the unincorporated area,  
75 24 three-fourths of 1 percent.

75 25 For commercial property in the unincorporated area, 2  
75 26 percent.

75 27 For industrial property in the unincorporated area, 3  
75 28 percent.

75 29 For residential property in the incorporated area, one=  
75 30 fourth of 1 percent.

75 31 For agricultural property in the incorporated area, one=  
75 32 fourth of 1 percent.

75 33 For commercial property in the incorporated area, 1  
75 34 percent. The 1 percent is lowered for successive years until  
75 35 it reaches three-fourths of 1 percent.

76 1 For industrial property in the incorporated area, 1  
76 2 percent.

76 3 For income residential property in the incorporated area,  
76 4 one-half of 1 percent.

76 5 The division contains transition provisions for tax levies  
76 6 for fiscal year 2011=2012, fiscal year 2012=2013, and fiscal  
76 7 year 2013=2014.

76 8 The division requires that if a county's ending fund  
76 9 balance for a budget year exceeds 25 percent of budgeted  
76 10 expenditures, the excess over 25 percent must be explicitly  
76 11 reserved or designated for a specific purpose. The division  
76 12 applies to ending fund balances in the general fund and the  
76 13 rural services fund. The division defines "budget year",  
76 14 "current fiscal year", and "item".

76 15 The division provides that if the amount of the ending fund  
76 16 balance is protested to the state appeal board, the county has

76 17 the burden of proving that the amount over 25 percent is  
76 18 reasonably likely to be appropriated for the reserved or  
76 19 designated purpose. The limitation on ending fund balances  
76 20 applies to fiscal years beginning on or after July 1, 2014.  
76 21 The division also provides that, beginning with the fiscal  
76 22 year beginning July 1, 2011, a city cannot levy property taxes  
76 23 in excess of 1 percent of the taxable value of residential  
76 24 property, one and one-half percent for income residential  
76 25 property, three-fourths of 1 percent for agricultural  
76 26 property, and 2 percent for commercial property and industrial  
76 27 property. The 2 percent for commercial property is lowered  
76 28 for successive years until it reaches 1 and one-half percent.  
76 29 The division contains transition provisions for tax levies  
76 30 for fiscal year 2011=2012, fiscal year 2012=2013, and fiscal  
76 31 year 2013=2014.  
76 32 The division allows a city or a county to impose, by  
76 33 ordinance, a service charge against property located in the  
76 34 city or county, as applicable. If a city or county imposes a  
76 35 service charge, that city or county's maximum percentage levy  
77 1 shall be lowered to reflect the amount of service charges  
77 2 estimated to be collected for the fiscal year.  
77 3 The division increases from 50 percent to 75 percent the  
77 4 portion of base year expenditures paid by the state for mental  
77 5 health, mental retardation, and developmental disabilities.  
77 6 The division removes the square footage tax on mobile homes  
77 7 and manufactured homes and replaces it with the ad valorem tax  
77 8 imposed on other residences. The bill provides that real  
77 9 estate of a mobile home park or land-leased community shall be  
77 10 assessed and taxed as improved residential property.  
77 11 The division also provides that, beginning with the fiscal  
77 12 year beginning July 1, 2014, and subsequent fiscal years, city  
77 13 or county property taxes by class cannot increase by more than  
77 14 the consumer price index for the preceding 12 months unless  
77 15 the increase is approved at election.  
77 16 The division lowers the amount of interest that can be  
77 17 charged against delinquent property taxes. The interest rate  
77 18 is changed from 1 and one-half percent to 1 percent before tax  
77 19 sale. The interest rate after the delinquent taxes are sold  
77 20 at tax sale is changed from 2 percent to 1 and one-half  
77 21 percent.  
77 22 The sections of the division relating to delinquent  
77 23 property tax interest rates take effect July 1, 2009, and  
77 24 apply to property taxes which become delinquent on or after  
77 25 July 1, 2009, and to parcels sold for delinquent taxes on or  
77 26 after July 1, 2009. The remainder of the division takes  
77 27 effect July 1, 2010, and applies to fiscal years beginning on  
77 28 or after July 1, 2011.  
77 29 Division II of the bill, relating to assessment of  
77 30 property, provides that the sale price of property sold in the  
77 31 calendar year prior to the assessment year shall be presumed  
77 32 to be the market value of the property for that assessment  
77 33 year if the buyer and the seller were not immediate family  
77 34 members. The bill also provides that property sold at public  
77 35 auction is not presumed to be an abnormal transaction or one  
78 1 that distorts market value.  
78 2 The division allows counties to share in the employment of  
78 3 a county assessor.  
78 4 The division also provides that if the assessor is unable  
78 5 to establish fair market value of newly constructed  
78 6 residential property because of a lack of comparable sales,  
78 7 the assessor shall use the replacement cost method to value  
78 8 the property.  
78 9 The division removes the property tax assessment  
78 10 limitations on residential, commercial, and industrial  
78 11 property and requires that all such property be valued at a  
78 12 five-year average of its fair market value with certain  
78 13 exceptions. The division provides a reduction from actual  
78 14 value of 50 percent up to a maximum of \$20,000 for improved  
78 15 residential property and for improved income residential  
78 16 property.  
78 17 The division also provides a reduction from actual value of  
78 18 50 percent up to a maximum of \$25,000 for improved commercial  
78 19 and improved industrial property. The division includes  
78 20 agricultural land held for development, commercial, or  
78 21 investment purposes as commercial property for assessment and  
78 22 taxation purposes. Commercial property also includes a tract  
78 23 of land containing an animal feeding operation structure that  
78 24 is not being actively farmed by an owner. The division  
78 25 further provides that the owner of commercial property with a  
78 26 fair market value of less than \$500,000 may elect to have the  
78 27 actual value of the property determined on the basis of net

78 28 earning capacity. Such an election does not apply to  
78 29 commercial property that is agricultural land or that contains  
78 30 an animal feeding operation structure, as described above.

78 31 The division makes conforming amendments to sections  
78 32 pertaining to valuation of property in an urban renewal area  
78 33 and valuation of property owned by telegraph and telephone  
78 34 companies, express companies, and electric cooperatives.

78 35 The division provides that agricultural property that is  
79 1 owned by an owner who is actively engaged in farming the  
79 2 agricultural land shall be assessed based on the current  
79 3 productivity formula, and the current assessment limitation of  
79 4 4 percent is retained. This includes agricultural land  
79 5 containing an animal feeding operation structure if it is  
79 6 owned by an owner who is actively engaged in farming the land.  
79 7 The division defines "owner" and "actively engaged in  
79 8 farming".

79 9 The division provides that agricultural land that is not  
79 10 included in the class of commercial property and is not owned  
79 11 by an owner actively engaged in farming shall be valued at a  
79 12 five-year average of its fair market value. Each farm unit  
79 13 assessed in this manner shall receive a reduction from actual  
79 14 value of 50 percent up to a maximum of \$65,000.

79 15 The division provides that attorney fees incurred by a  
79 16 property owner or aggrieved taxpayer in an appeal of an  
79 17 assessment to district court may be awarded by the court and  
79 18 assessed against the board of review or any taxing body  
79 19 involved in the appeal unless the court determines that the  
79 20 protest of assessment was frivolous and, in that case, the  
79 21 court may assess the costs of defending the protest against  
79 22 the owner or taxpayer.

79 23 The division requires the local assessor and local board of  
79 24 review to keep confidential any documents, reports, audits,  
79 25 and other information supplied by a taxpayer or property owner  
79 26 relating to the amount or source of income, profits, losses,  
79 27 or expenditures of the taxpayer or property owner.

79 28 The division increases from three years to six years the  
79 29 time period that subdivided property shall be assessed as  
79 30 acreage or unimproved property.

79 31 The division takes effect January 1, 2010, and applies to  
79 32 assessment years beginning on or after January 1, 2010.

79 33 Division III of the bill, relating to property tax credits  
79 34 and exemptions, strikes the state reimbursement for the  
79 35 homestead property tax credit and military property tax credit  
80 1 and changes the credits to exemptions from assessed value.  
80 2 The homestead exemption amount is increased from \$4,850 to  
80 3 \$5,000. The military exemption amount is increased from  
80 4 \$1,852 to \$2,000. The amount of exemption for veterans of  
80 5 World War I is retained at \$2,778.

80 6 The division amends provisions relating to the elderly,  
80 7 disabled, and low-income property tax credit by making it an  
80 8 exemption from assessed value and by eliminating the sliding  
80 9 scale for income and exemption amount and replacing it with a  
80 10 flat exemption amount of \$2,500. Elderly persons, disabled  
80 11 persons, and low-income persons all of whom have household  
80 12 income of less than \$16,500 are eligible for the credit.

80 13 The division directs the Code editor to change "credit" and  
80 14 "credit or reimbursement" to "exemption" wherever it occurs in  
80 15 the Code in relation to the military tax credit and the  
80 16 homestead tax credit. The division also provides that all  
80 17 three exemptions are not considered to be newly enacted for  
80 18 purposes of state mandate funding requirements.

80 19 The division limits the pollution-control property tax  
80 20 exemption to \$100,000 of value.

80 21 The division provides that any land in a forest reservation  
80 22 is exempt from school district levies only. The division  
80 23 requires the owner of land in a forest or fruit-tree  
80 24 reservation to annually certify that proper management  
80 25 techniques, such as pruning and planting, are being followed.

80 26 The division repeals the family farm property tax credit  
80 27 and the agricultural land property tax credit. The division  
80 28 makes conforming amendments pertaining to these repeals.

80 29 The sections of the division amending the homestead tax  
80 30 credit, the elderly, disabled, and low-income tax credit, and  
80 31 the military tax exemption and credit, and repealing the  
80 32 family farm tax credit and the agricultural land tax credit  
80 33 apply to taxes due and payable in fiscal years beginning on or  
80 34 after July 1, 2010. The section of the division limiting the  
80 35 value of pollution control that is exempt applies to  
81 1 exemptions on file as of July 1, 2010, or first applied for on  
81 2 or after July 1, 2010. The remainder of the division applies  
81 3 to assessment years beginning on or after January 1, 2010.

81 4 Division IV of the bill establishes an implementation  
81 5 committee to study the effects of implementation of the bill.  
81 6 The committee is to report to the general assembly by January  
81 7 15, 2010, and by January 15, 2011.  
81 8 Division IV directs the legislative services agency to  
81 9 prepare and submit committee study bills for the 2010 regular  
81 10 legislative session to further amend the Code as necessary to  
81 11 implement the bill.  
81 12 The division takes effect upon enactment.  
81 13 LSB 2033YH 83  
81 14 md/sc/14